



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

A

486687

DUPL

CLASS INTERESTS:
THEIR RELATIONS TO EACH OTHER
AND TO GOVERNMENT.

No.

THE

LABADIE LIBRARY

(Private)

DETROIT, - MICHIGAN.

Catalogued 1909.

PRESENTED TO
*University of
Michigan
Libraries*

EX LIBRIS



CLASS INTERESTS:
THEIR RELATIONS TO EACH OTHER AND
TO GOVERNMENT.

*A STUDY OF WRONGS AND REMEDIES—TO
ASCERTAIN WHAT THE PEOPLE
SHOULD DO FOR THEMSELVES.*

Patterson, John Stalf

BY THE AUTHOR OF
"CONFLICT IN NATURE AND LIFE," "REFORMS: THEIR DIFFICULTIES
AND POSSIBILITIES."

NEW YORK:
D. APPLETON AND COMPANY,
1, 3, AND 5 BOND STREET.
1886.

HN
C-4
P318

COPYRIGHT, 1886,
By D. APPLETON AND COMPANY.

Harvard Lib
LA 100
COLLECTION
10-352

PREFACE.

If I had written on these subjects a dozen years ago, the statement would have been different from this. It would then have been made in the spirit of those economical doctrines which affirm the sufficiency of competition to enable all who deserve, to win. But economical conditions are constantly changing; and one may change views with further study. The forces are daily multiplying which relegate competition to the back ground, and give the victory to combination. The character of the struggle is not what it once was—mainly a struggle between individuals; it is now largely a struggle between the organized few and the unorganized many, in which the former get advantages and often push them to the utmost. I have no apology to make for sympathy with the weaker who are pushed to the wall in an unequal struggle, even if that sympathy be suspected of necessary association with bias. I have endeavored to keep the bias, if any, in strict logical subordination.

Some may think that my statement, if it reach the people, will cause them to feel unnecessary discontent. I know there are some who would keep employes in ignorance, just as slaveholders would keep their slaves in ignorance, and for a similar reason. Let us hope there are not many such. The supposition that the masses of the people can be kept wholly in ignorance of abuses from which they suffer, is altogether gratuitous.

Be sure that even the lowliest have access to various sources of knowledge respecting the unfriendly conditions that affect them. They are far more likely to be correct here, too, than in devising measures for their own relief. It is on this point that I have been especially concerned to make such suggestions as will bear the closest scrutiny,—those suggestions being the proper sequel to the facts that show the prevalent disregard of equity in class relations. It is not the diffusion of light, but the persistent attempt to hide it, that will make the trouble.

So far as I have ventured to suggest remedies, I have aimed not to lose sight of the intractabilities of human nature; and I am gratified to find that the conclusions to which I have come by independent study of the subjects, are in accord with wide-spread movements of thought and action in this country and in Europe. I refer in particular to the amplification of governmental functions and to the discipline in youth of work-people in the duties they owe first of all to themselves.

The problems under discussion in this little volume, I believe to be the gravest and most urgent of any that now demand attention. I have contributed my little toward their solution, and all I ask for it is candid consideration.

Washington, D. C., November, 1885.

CONTENTS.

THE AIM.	PAGE 1
-----------------	-------------------------

CHAPTER I.

ABSOLUTE ECONOMICS.

SECTION.		
1.	<i>Equalization of Profits:</i> Two reasons why profits do not equalize	4
2.	<i>Cost and Prices:</i> T. E. Cliffe Leslie's view—tax on raw produce	4
3.	<i>Wages and Prices:</i> Ricardo—takes no account of fluctuating and modifying conditions	6
4.	<i>Principles of Taxation:</i> D. A. Wells—apparent confusion of statement	7
5.	<i>Relative Shares of Labor and Capital in Production:</i> E. Atkinson—contradictions—Thorold Rogers and Hallam on condition of laborers—influence of the new continents on labor—the mischief of these absolute ideas	8
6.	<i>Familiar with the Absolute:</i> E. H. G. Clark—the higher law of property	12

CHAPTER II.

CLASS BIAS.

	7. <i>Biases in General:</i> The nature of bias—partisan, local, aristocratic biases of the House and Senate	14
	8. <i>Class Laws:</i> The Statute of Laborers and other devices to regulate laborers—taxation in France under the old regime	17
	9. <i>Monopoly Biases:</i> The East India Company—Adam Smith on this bias—J. S. Mill on demoralization by the aristocratic bias	19
	10. <i>Illustrations of the Bankers' Bias:</i> The United States bank—White and Coe's dogma that bank paper is not credit money—self-regulation of bank issues	21
	11. <i>The Mask of Credit-Strengthening:</i> Morton's and Morrill's views—nature of the measure—a class and sectional interest	24
	12. <i>The Naval Superstition:</i> Absurdities of our navigation laws.	27
	13. <i>Relief for Big Debtors:</i>	28

VI

CONTENTS.

SECTION.		PAGE.
14.	<i>Benefit of Bias for the Few:</i> Giving away lands—Secretary Teller's haste—the House and Senate on regulating railroads—great caution	29
15.	<i>Aristocracy in the Senate:</i> John Adams and McMaster on the Senate—making rich men Senators	32
16.	<i>Biases of Economical Teachers:</i> Thorold Rogers on the bias of economists—J. R. McCulloch on taxation—Atkinson's suggestions—Sumner on bi-metallism—practical effects.	33
17.	<i>The Impotent Bias:</i> Wrong notions of the masses	38
18.	<i>Improvement in Biases:</i> Examples	38

CHAPTER III.

TAXATION.

19.	<i>The Evil of General Indifference:</i> Permits unjust taxation	39
20.	<i>The Diffusion of Taxes:</i> Tax falling on consumption (Wells)—a tax on rent not shifted (Ricardo)—repercussion of income tax—railroad taxes—taxing wages—shifting requires effort and time—Wells illustrates—F. A. Walker on diffusion—editor Economist, J. Chamberlain, E. J. James	40
21.	<i>The Chief Maxim of Taxation:</i> Smith's canon—Wells' rule—no method perfect	45
22.	<i>The Ease of Collection:</i> The strong resist most—favoring the rich (McCulloch)—Wells on exemption	47
23.	<i>Overtaxing the Rich:</i> Oppressing the rich (Ford)—the rich are the strong in this struggle	51
24.	<i>Equality of Sacrifice for State Support:</i> Wagner's view—summary of this doctrine—practical difficulties of this scheme—education a condition of the higher justice	53
25.	<i>Diversity in Taxation:</i> The latest word—simple rules for taxation	57

CHAPTER IV.

MONEY.

26.	<i>Present and Ultimate Results:</i> Reaction of great wealth on family—slavery, large estates—currency contraction—not above taking such advantages	60
27.	<i>Influence of Changeable Values in Money:</i> General effects of changeability—conditions which affect the value of money—effects of dearer money—how appreciation affects business—effects of contraction or expansion—duty of government to guarantee uniformity	62

CONTENTS.

VII

SECTION		PAGE.
28.	<i>The Honest Dollar:</i> Gold rising in value (Robertson, West-grath, Grenfell)—ostentatious claims of honesty . . .	68
29.	<i>An Economical Bull:</i> Prices rising on a fearful contraction.	71
30.	<i>The Chronic Fear of a Premium on Gold:</i> Predictions against silver not fulfilled—why gold does not hide—gold with a small premium not lost as money . . .	72
31.	<i>Natural Selection and Monometallism:</i> Two kinds of natural selection—a strong class interest determines the present tack of "natural selection" in money . . .	75
32.	<i>Who should make the Paper Money:</i> Elasticity of bank paper (Sumner, Walker)—silver certificates—stopping silver coinage—cheap fiat money—the composite standard—bi-metallism practically best . . .	78
33.	<i>Monometallism a Covert Sectional Interest:</i> How it is so—criticism . . .	82

CHAPTER V.

MONOPOLY ADVANTAGES.

34.	<i>Control of the Soil:</i> The people losing their lands—monopoly of large tracts—difficulties of forfeiture—new legislation required . . .	83
35.	<i>Inherent Monopoly:</i> The necessary limits to extortion insufficient . . .	
36.	<i>Personal Discrimination:</i> Rebates—Standard Oil—milkmen—special rates the rule—examples—Spreckels' sugar monopoly . . .	88
37.	<i>Local Discrimination:</i> Charging more for short than long haul—cases—a case for experts . . .	90
38.	<i>Views of Representative Men:</i> Abstracts and extracts from congressmen, senators, President Arthur, Republican Convention, C. F. Adams—why there is no national legislation . . .	92
39.	<i>Excuses for Inaction:</i> The good railroads do—who has made the sacrifice—helping weak industries—the Phelps splurge—cheap freights—publicity of abuses useful—the fear of doing harm . . .	95
40.	<i>Some other Monopolies—and "Parasites.":</i> Express, telegraph, and gas companies—a New York gas combination—parasites on railroads, Senator Sherman . . .	99
41.	<i>Monopolies without State Franchises:</i> President Gowan's list—still others—combination not possible in all industries—double advantage of combination—dead rent—competition and free contract at fault—how rings manage—precedents for State regulation of monopoly rings . . .	101

GOVERNMENTAL INTERFERENCE.

42. *Letting Things take their Natural Course:* Human interference—wrong-doers and resistance thereto—all action takes place under resistance—new elements in the contest—the two opposing elements in society—"natural" in different senses 107
43. *Force as an Element in Righting Wrong:* Rise of our own government—voluntary organization and power to maintain unity of action—business aggression uses the State—Spencer's argument for popular suffrage 111
44. *Only through the State can the People redress their Grievances:* Voluntary association no match for the State worked by unscrupulous men—preaching that all is well 114
45. *Work of Correction the Government should do:* Three kinds of such work 116
46. *Evolution in Government:* The organism as illustrating evolution—a vision of 1861—derivation of government and removal of outgrown regulations—one kind of restriction required while another has been removed—integration and centralization—not splitting up the old, but differentiating the new 117
47. *The Tyranny of Voluntary Combinations:* Misinterpretation of certain historical movements—signs that compulsion does not abate—rings doing what Spencer charges government with doing—control properly a government function 122
48. *Limits to Interference:* Local self-government and a sphere for the individual to be maintained 125
49. *The Modern Change in the Structure of Society:* Business combinations—combinations to get rid of competition—combination must go on and submit to governmental control—illustrated by railroad systems 127
50. *Is Governmental Control Practicable?* Control by States has had some success—regulating institutions with State franchises—control of voluntary combinations without charters—tariff laws favor monopoly rings—positive work the State should do—examples 131
51. *Does Neglect of the Poor favor Improvement in the Race?* Handicapping superiorities—Spencer on survival of the fittest in society—general facts regarding prolificacy among classes—Mr. Spencer's assumptions—he omits the chief cause of burdens on the worthy—laws of survival

CONTENTS.

IX

SECTION.		PAGE.
	among animals different from such laws among men — the lowly not to be neglected but to be elevated — selection among men directly affects societies and institutions rather than individuals — importance of the lower elements in society	135
52.	<i>Are the Beaten in Life worth Caring for?</i> Great inequality undesirable (Rogers) — Spencer insists on moral likeness of all grades in society — suffering in one class affects all classes	142
53.	<i>The Tyranny of Majorities:</i> Personal freedom may increase as governmental functions extend — need of a regulating head in a complicated system — confounding unlike things — negative coercion — examples of legitimate restraint — innovations usually established by almost unanimous consent — banded minorities more dangerous than majorities — nations and States will not all deal the same way with the problem of regulation — obstruction by the control selfish interests exercise over government — Note to Sec. 51	144

CHAPTER VII.

THE RADICAL WRONG AND ITS REMEDY.

54.	<i>Equity in the Distribution of Wealth:</i> Successful industry no proof of equitable distribution — improvement in condition of middle and lower classes no proof of equitable distribution — recent conditions that help the many in spite of injustice — better living not unmixed good under present conditions — laborer's condition not improving in this country — concentration of wealth in England — lower and middle classes not getting full benefit of new industrial forces	149
55.	<i>The means of Remedying Class Injustice:</i> Whatever deals with wrong must have the power of coercion — the two kinds of superstition about government — the remedy for wrong must come ultimately through the government — better people better government — proper teaching must be the initiative for the improvement of constituencies — its difficulties — class bias of teachers — bias better rewarded than candor — no hope but in truthful teaching — honest purpose often neutralized by vaguery — must agitate	156
56.	<i>Need of Primary Education in Economics:</i> The many should be educated in the simple principles of every-day econo-	

SECTION.		PAGE.
	mics—class fashions—educating youth to a better perspective in life—the work that took the Guinard prize—saving—success of the scheme	160
57.	<i>Summary of M. Laurent's Work</i> : How the habit of saving is established—defense and explanation of the method—report of the awarding committee—this method contrasted with the absolute methods of the reformers—educating youth into habits of thrift should go along with the removal of monopoly abuses	163
58.	<i>The Initiative in this Country</i> : Expenditure among American laborers—the poor must learn to make most of present opportunity—the agencies to look to for help—drawbacks in the present chaos of economics	167
59.	<i>Minding One's Business in the Higher Sense</i> : Discipline needed as an individual and as a social being—the egoist—a higher order of powers required to discharge one's social duties—Note to Sections 57 and 58	169

CLASS INTERESTS.

THE AIM.

It is not expected that an advocate shall be judicial. It is his business to make the most of his case. If he represents a special interest, it is expected that he shall manifest the bias of his interest, and yield fully to its inspiration in giving tone and direction to his effort. It is otherwise if one aims to do work in the general interests of society. He must note the biases, and as far as possible free his own mind from them; he must locate and measure them in the world about him, and deal with them as the sternest realities. No man, perhaps, can wholly avoid being swayed this way or that, to some extent, by the tenor of his sympathies. He may, for example, feel too much for the hard fate of the great proletarian masses, or he may sympathize too much with those who forget the many in their devotion to the interests of the few. In applying this to myself as the author of "Reforms," I said, may be I have been mistaken in the facts; perhaps there is another line of facts and considerations which my bias has not permitted me to see. It is so easy to become the victim of an unconscious prejudice, perhaps I am such a victim. At any rate it will do no harm to go over some of this ground again. Possibly the rings and syndicates of every kind are actuated by the best of motives and are working out their natural destiny according to some inevitable law; may be they are public benefactors, in all ways doing precisely what ought to be done for the public good;

wherefore it would be base ingratitude to threaten them with governmental supervision. Perhaps the drift of currency-changes toward gold monometallism is going in the best possible direction precisely because it is the only way it can go, fulfilling destiny under the law of natural selection. Taxation as it is may be wise and fair, and if the strong are able to avoid what is apparently their just share, even this may make amends for apparent wrong, since by such means they have more to invest for the benefit of society in general. Here are three great subjects—corporate and ring monopoly, the currency question, and taxation. These comprehended so large a field that I was sure, I should have enough to do to look them over somewhat carefully, and condense the results of my studies into a very small volume—the hardest part of the work, perhaps, being the condensing.

The following chapters as the result of this study may be regarded as a sequel to "Reforms." Each series of statements is independent of the other, however, covering different ground; but as there is something in each to reënforce the other, they are together stronger than either alone. The aim of "Reforms" was more particularly to call attention to the limitations of almost every effort for the improvement of society; the aim in the following chapters is to show the great need of reform in certain directions, and to point out as definitely as the situation at present seems to warrant, how such reform is to be effected. The cases which especially need looking into are those in which there is a conflict of class interests, with a small but powerful class on one side, and the great body of the people on the other. If the writer is not greatly mistaken there are some conditions of long standing, which might be greatly improved, while there are new conditions coming into existence with concurrent evils which must be dealt with in the interests of equity. It is of the first importance to see as clearly as possible the line along which endeavor should be made to effect the desired results; and the writer hopes that some of the suggestions herein made, will not be wholly without use.

In the course of this study, he discovered what named itself to his mind as absolute economics. Examples of it may be found in many of our works on political economy. A few of them may be passed under brief notice for their value in the way of suggestion.

NOTE.—“The People.” I use the word “people” both in the title and text. I take it to be a word of distinctive meaning not liable to be misunderstood, and I would not refer here to its use, but for a criticism that I find in Prof. Sumner’s book on “Social Classes.” That author maintains that it is wrong to speak of “the people” acting through legislation upon a class, because this implies that there is “somebody who must, of course, be differentiated from the sovereign people.” And he adds: “Whenever ‘people’ is used in this sense for anything less than the total population, man, woman, child, and baby, and whenever the great dogmas which contain the word ‘people’ are construed under the limited definition of ‘people’ there is always fallacy” (p. 30). Let us see about that: The “people,” protect themselves by legal appliances against classes in society, known as horse-thieves, burglars, etc. Are not these fellows as burglars and thieves differentiated from the sovereign people? The “people” have a right to protect themselves against high tariff taxes; and while the beneficiaries of such taxes are citizens, yet as beneficiaries, they are most distinctly differentiated from the great body of the sovereign people, as Prof. Sumner himself substantially teaches. Yes, the people have a right to protect themselves against the conspiracies of corporations and rings that flank competition and build themselves up at the expense of others; and while extortionists may be powerful citizens, they are at the same time as fully differentiated from the masses of honest people, as are those who ride off horses and break into houses. Prof. Sumner’s fallacy consists in confounding individuals as citizens with individuals as manipulators of monopoly interests. In one capacity a man may constitute a part of the sovereign people, and in another capacity he may be an enemy of that sovereign people. It should not be necessary to illustrate a matter so plain as this.

CHAPTER I.

ABSOLUTE ECONOMICS.

1. **EQUALIZATION OF PROFITS.**—One of these absolute principles is that which assumes the tendency of profits in all departments of business to find the same level. There is truth in this, but it must not be taken too exclusively. If there were constant tendencies along all lines toward the same level, they would eventually reach the same level, and if they stopped there, there would be no difference in profits. But the fact is they do not stop. They keep on to rise above or sink below. Let us illustrate: There is an opening for some new business which invites capital. The taste, or even only the scent, of large profits is almost sure to breed an epidemic with the delusion of sudden wealth from investment in that particular business, till it is fairly overdone, and hot competition by and by sinks profits below the general level. There is no intelligent concert of action, only the rush of a blind impulse, and hence the utter failure properly to estimate results.

There is another reason why profits are never on the same level,—the power of those engaged in certain kinds of business to limit production and thereby to keep up prices. Not in all kinds of business can this be done, and the consequence is a great disparity in profits. A great deal of manufacturing is thus done under the control of exclusive rings; while farmers and the great masses of people are not able to combine for the monopoly control of their products.

2. **COST AND PRICE.**—Akin to this is the idea that “the cost of production is the grand regulator of price—the centre of all those transitory and evanescent oscillations on the one

side and the other." (J. R. McCulloch). Something like this is to be found in most works on political economy. So prevalent, indeed, is this view that most persons who think in any way of the subject, take it for granted that the cost of production or what is assumed to be its equivalent, the amount of labor bestowed on production, determines the market price. Most, indeed, may recognize the relation of supply and demand as an element in price, but they are quite apt to underestimate it. As all farmers, at the present time, fully realize to their sorrow, the cost of growing wheat has little to do with its price. The price is determined directly by the relations of supply and demand. The cost of production is a remote and slow-acting element in the problem; the relation of supply and demand is an immediate and quick-acting element, and the dealers have far more to do with fixing prices than the producers.

That clear headed economist, the late J. E. Cliffe Leslie, said that this doctrine "assumes not only free competition, but full information. It assumes that every man in business, or about to enter it, knows the cost at which everything is produced, the mode of its production, the profit or loss of producing it, the improvements impending, and the manner in which the market will be affected by fluctuations in trade, credit and speculation." In another article in the same work (Lalor's *Cyclopedia of Political Science*), the same writer observes: "The best general formula for the conditions determining value is, in short, demand and supply. Cost of production, even within the same country, can act on value only by roughly adjusting the supply to the demand, and its action is uncertain and irregular."

An error akin to that of cost of production governing prices, is, that a tax on raw produce causes its price to rise. It may sometimes have this effect, but not always—the case is altogether a conditional one. Inasmuch as the cost of production does not determine prices—that is, when the cost of production is greater, the price of the product is not necessarily greater,

since the price is governed mainly by supply and demand; it follows, that if the additional cost of production is due to a tax, the price does not necessarily rise in response to such additional cost. The producer may have to pay the tax and remain without the power to shift a single cent of it to the consumer or anybody else. There is danger lurking in some of these absolute propositions.

3. WAGES AND PRICES.—Ricardo has affected a precision in economics which the subject hardly admits of. His statements read like a series of algebraic formulæ. Some of his propositions are maintained without regard to qualifying conditions, much as if an astronomer should undertake to determine the course of a planet without taking account of the disturbing influence of other planets. In no field covered by science are the forces in action more affected by relativity than in that of economics. One of Ricardo's absolute propositions is that a rise in wages does not add to the price of products, but reduces profits. In this he controverts Adam Smith and others, and turns the proposition over and over with paternal fondness. All that is in it, is that it may be sometimes true. The case is a conditional and not an absolute one.

In most questions of political economy, the elements are so numerous and changeable as effectually to rule out most absolute propositions. Ricardo does not discuss the converse proposition, that a fall in wages would cause, not a fall in prices, but a rise in profits. He could not discuss this proposition, because one of his absolute assumptions is that wages are at a minimum and cannot fall. He maintains that taxes on wages will necessarily be paid by the employer. He says, moreover, "that profits depend on high or low wages, wages on the price of necessaries, and the price of necessaries chiefly on the price of food." Now, if wages could fall, everything else equal, goods could be produced that much lower, and the competition of producers in the market would reduce prices (Ford); so that the fall of wages would lead to a fall in prices. Then, if wages should rise, everything else equal, the demand of laborers for

products would increase, and this increase of demand would lead to a rise in the prices of products. Here are conditions and modifying circumstances which Ricardo has wholly overlooked. * And so difficult is this subject that my own statements are far simpler than the case will warrant; but it is impossible in so brief a statement, to give definite expression to all the dependent and fluctuating elements of the problem.

4. PRINCIPLES OF TAXATION.—Hon. D. A. Wells lays down the following on taxation: "Equality of taxation consists in the uniform assessment of the same articles or class of property that is subject to taxation. Taxes under such a system equate and diffuse themselves; and if levied with certainty and uniformity upon tangible property and fixed signs of property, they will, by a diffusion and repercussion, reach and burden all visible property, and also all so-called invisible and intangible property, with unerring certainty and equality. All taxation ultimately and necessarily falls on consumption; and the burden of every man, under any equitable system of taxation, and which no effort will enable him to avoid, will be in the exact proportion, or ratio, which his aggregate consumption maintains to the aggregate consumption of the taxing district, or community of which he is a member." Now, this is absolute enough to satisfy any man looking for perfection in the announcement of a doctrine of taxation, or a doctrine of anything else. But does Mr. Wells himself really believe in it? There is reason to doubt it; or if he does believe in it, there is apparent mental confusion and want of consistency. One of his canons of taxation is: "Protection is the correlative of taxation; or, taxes, under any government claiming to be free, are the compensation which property pays the State for its protection." Now, if "all taxation ultimately and necessarily falls on consumption," how can it be that taxes are the compensation which property pays for protection? Property and consumption are very different things. But this is not all. According to another of Mr. Wells' canons, "Every citizen should pay taxes, not in proportion to his ability to give, but according to what he

ought to give, and what he ought to give can only be measured by the benefit he is to derive ; or, as Adam Smith expressed it, in proportion to the revenue which he enjoys under the protection of the State." Here again, the "enjoyment of revenue" and "consumption" are very different things, as different as the whole is from a part, since there may be a great deal of enjoyment from revenue which is not consumed at all. Then, if taxes are necessarily paid in proportion to consumption, that settles it, and these canons are so much verbiage without meaning. It is not the intention to discuss taxation here. No reasons are given for not believing in Mr. Wells' absolute doctrine of taxation ; his canons having been quoted to show that he hardly believes in it himself.

5. RELATIVE SHARES OF LABOR AND CAPITAL IN PRODUCTION. — Another example in this line is to be found in happy association with Bastiat's economical harmonies. It is stated in this way : "In proportion to the increase of capital, the absolute share (of the products) falling to capital is augmented, but the relative share is diminished, while the share of the laborer is increased both absolutely and relatively." (Bastiat.) This view is held by a number of economists of optimistic tastes ; but we will take up the last expounder — a very dogmatic expounder of the doctrine, and see how consistently he sticks to it. According to Mr. Ed. Atkinson, this result of constant gain to the laborer is brought about by means of improved machinery. And so absolute is this result that, with the improvement of machinery and the progress of civilization, the laborer must necessarily enjoy a continuous improvement of condition. "Wages, therefore, are apparently deferred to profits ; but on the other hand, wages constitute *all that there is left*, and under the inexorable law of competition of capital, the profits of capital are constantly tending to a minimum, while the rate and purchasing power of wages are both constantly tending to a maximum." Having got this absolute principle fixed in his mind, Mr. Atkinson can well afford to be contemptuous toward "the common ruck of so-called labor

reformers who infest the lobbies, &c." A literary attorney of corporations charging labor reformers with infesting the lobbies is good! But does Mr. Atkinson really believe in his own doctrine of the necessary thrift of labor? Not a bit of it. He says: "If the propositions in this treatise can be sustained—to wit: that wages are a constantly increasing remainder over after lessening rates of profit have been set aside from an increasing product, it follows that the ability of a very productive country to find a market for its excess, especially of farm products, is a most important factor in determining the price of the whole product, and therefore in determining the general or average rate of wages and profits which can be recovered from the sale of the whole." "We must exchange our excess for tea, coffee, sugar, hides, wool, and the like, and in the process of this exchange, the price of all our crops is determined by what this excess will bring; the remainder over from the sales establishes the standard of farm wages, by, or in, comparison with which, all other wages are in the main determined. Hence, the average rate of domestic wages rests, in a very great degree, under our present conditions, on our finding a foreign market for the excess of our products of agriculture; if this market is limited or reduced, the purchasing power of our farmers, numbering one half of our population, is reduced, and this reacts on the demand for domestic manufactures."

Now, while the conditions here stated are true, their logical value stands in direct opposition to the absolute character of the main proposition. The main proposition that wages go up while profits go down, is unconditional. It is stated as a law of economical progress for our guidance in the interpretation of economic phenomena. But if a foreign or other market, especially for farm products, is necessary to the integrity of the law, then is it a law which holds good only under certain conditions. With no market at all, or a poor one, wages might go down, instead of up, and with a good market they might rise; therefore the proposition that wages necessarily go up

according to a law of things, is not true. The absolute air which Carey, Bastiat, Perry, Atkinson give this proposition, is delusive. Mr. Atkinson explains the high wages in America by referring them to "the possession of more ample and varied natural resources," together with good machinery and skill in its use, improved methods of intercommunication, general education, and light taxation; and he affirms that "in the last analysis the rate of wages rests wholly on character and capacity." In the name of common consistency! how many conditions does he impose upon his unconditional principle? While looking at one part of his subject, he has lost sight of the other. After he has labored all through his essay to prove that wages necessarily increase as profits decrease from the competition of capital and the efficiency of machinery, he now tells us that wages depend on ample and varied natural resources, on good roads, good markets, light taxation, general education, and in the last analysis *wholly* on the character and capacity of the workingman himself. I repeat, the conditions here made are true, but the cardinal proposition so heroically maintained is not true.

While the condition of laboring men may have improved within the present century as machinery cheapened products and rich new countries invited immigrants, it does not follow that their condition will go on improving under the necessary operation of any fundamental law. We should be careful about basing absolute prophecies on the little segment of the circle we see. We are "but insects of an hour," and it is preposterous for us, as well as for the insect, to invoke a limited experience with narrow interpretation to divine the laws of all time to come; and especially is this preposterous in the domain of economics. The career of the laboring class for the last four hundred years has not been a constantly ascending one. Prof. Thorold Rogers in "Six Centuries of Work and Wages," speaking of English workingmen in the 15th century, says: "All the necessities of life in ordinary years, when there was no dearth, were abundant and cheap, and even

in dear years, the margin of wages, or profits, over the bare wants of life was considerable enough to fill up the void, even though the laborer had to subsist for a time on cheaper food than wheaten bread. Meat was plentiful; poultry found everywhere; eggs cheapest of all. The poorest and meanest man had no absolute and insurmountable impediment put on his career, if he would seize his opportunity and make use of it." Of laborers in Lancashire, England, he says: "What a husbandman earned with fifteen weeks' work, and an artisan with ten weeks' work in 1495, a whole year's labor would not supply artisan or laborer with in the year 1725." And again: "I have stated more than once that the 15th century and the first quarter of the 16th were the golden age of the English laborer, if we are to interpret the wages which he earned by the cost of the necessities of life. At no time were wages, relatively speaking, so high, and at no time was food so cheap;" and laborers worked but eight hours daily. A hundred years ago Hallam stated "that however the laborer has derived benefit from the cheapness of manufactured commodities, and from many inventions of common utility, he is much inferior in ability, to support a family, to his ancestors three or four centuries ago." He states the facts and figures which led him to this conclusion. (Middle Ages, Chap. IX, Part II.) The advance of civilization in the 18th century was far ahead of that in the 15th century, and yet the laborer was worse off than during the earlier period. Where were the benignant harmonies of Bastiat's economic theories in those days? There is no absolute law guaranteeing the continuous progress of any class in society. Such progress is forever conditional, and with a change of conditions for the worse, a reaction may set in which no available force can resist.

According to the Atkinsonian oracle, it is the competition of capital setting up improved machinery that is constantly improving the workingman's condition. Competition of capital! Is that the only form of competition having potency here? How about the competition of laborers? and what are

the conditions which moderate or intensify this competition? Mr. Atkinson does not appear to know anything about this side of the shield, although he is pretending to tell us all about it.

The chief element which has moderated the competition of laborers and given the workingman's world its buoyancy during the present century, is to be found in the varied, rich, and almost boundless resources of the new continents east and west, which have constantly drawn off the surplus of workingmen from the populous centres of Europe. Let the newer parts of these continents be now sunk into the sea,—the catastrophe would unsettle some of the absolute dogmas of political economy. In a market overstocked with laborers, ignorant, hungry, prolific from desperation, bitterly competing for something to do, what would there be to stiffen wages and cheer the life of the wage-earner? Laborers would be the veriest slaves, and the "pessimistic, abhorrent and atheistic dogma" of Malthus would be confirmed. Let us not be duped by the smiling fetiches conjured up from the domain of absolute economics!

This is not a mere exercise in economical dialectics. The attempt to create the impression that, by virtue of a deep law, the working men of the world are necessarily on the winning side, is to excuse the encroachment of organized greed, if not indeed to screen the methods of rascality itself. It goes far to encourage measures which are sapping the very foundations on which the prosperity of the work-people must rest. It justifies the infliction of taxes in disregard of relative ability to pay. It justifies political inaction while corporate power by combination escapes competition, and taxes the people at will. It justifies the squandering of the public lands on corporations and syndicates, when they should be scrupulously preserved for homes for the people. What matter, if by a law of things the ratio of products to the share of labor is found to become relatively, absolutely, and eternally greater anyhow!

6. FAMILIAR WITH THE ABSOLUTE.—Absolute economics is invoked by reformers as well as by anti-reformers. Mr. Henry

George's scheme admits of no qualifications or conditions; it is absolute. Rent is the cause of all evil, and the confiscation of rent will remove it all. The remedy is sovereign and absolute (Progress and Poverty, p. 364). "Absolute"—the word is apter than I knew, for now comes an apostle of the Georgian gospel who speaks with authority from the Absolute. (Man's Birthright. By Edward H. G. Clark). Through the avenues opened by Kant and Hegel, this writer has become quite familiar with the Absolute, and now that he delivers a new and final revelation in economics from the Ultimate Source of all knowledge, we ought to accept it with humility and thankfulness. It is true that some of us have been studying the subject of political economy for a quarter of a century, Mr. Clark for only four years; but this should make no difference when it comes to the final word from the Absolute. Mr. Clark says: "I wish to impress upon the mind of the reader with all the emphasis possible to human language, that what I have termed the principle of ownership, or the higher law of property, does not rest for its validity on any man's judgment, advocacy, or opposition. It is not a waif of theory. It is a fixture of the Absolute imbedded in the constitution of the universe. In other words, it is one of the structural relations between mind and matter, and so is just as actual as mind and matter themselves, or as time and space. But in the evolution of our world, this great fundamental law, like all other basic laws of the cosmos, has come clearly to human view only through a form of individual consciousness specially fitted to find it. The time for it has arrived, and [discovered by David Reeves Smith], it is here."

This "higher law of property" is that all mankind (the conscious) conjointly own the earth and all the wealth therein (the unconscious). All men are the rightful owners, but all are not in possession; then how are they to come to their own? By means of an *ad-valorem* tax of two per cent per annum on all assets. Every period of fifty years this tax would of course bring into the treasury a sum equal to the entire

wealth of the world. Fifty years is taken as the life-time of one generation ; and the aggregate of taxes for this period, being the equivalent of all the wealth of the world, is to be the property of one generation which thus receives what it is entitled to by the higher law of property. This is its birth-right ; but how is it to realize its possession of all this wealth ? Not by redistribution to individuals, but by redistribution "in common public benefits."

It may work well enough to go to the Absolute for a fundamental principle, but when it comes to practice under it, we have to get along without the Absolute ; and then the trouble begins. One might raise a question about the results of distribution under the play of apparently ineradicable human foibles, but there is an air of such absolute confidence, that critics are virtually warned off the premises. I infer from the reading of Mr. Clark's interesting little book, that even good things in economics may be damaged by forgetting that they belong to the domain of the relative and are separated by an impassable gulf from all metaphysical notions about the Absolute.

The subject of absolute economics will receive incidental illustration in some of the chapters which follow.

CHAPTER II.

CLASS BIAS.

7. **BIASES IN GENERAL.** — In the course of this study I have become more than ever impressed with the power of what may be called the bias of aristocracy to direct both legislation and administration. Every class in society, every coterie, every set, high or low, rich or poor, has its peculiar bias like an atmosphere through which it looks at outward objects. Some objects it thus sees magnified or distorted, or belittled, and



some it cannot see at all. "What we see depends on what we are;" or rather, what we see depends on what we want to see. The covert bias which infests almost every mind, pushing aside what is offensive to interests, tastes, or wishes, is a powerful factor in determining what we shall see, or not see. Most have this bias, and most are unconscious that they are ever influenced by it.

Biases take form largely under the molding influence of interests, or supposed interests. It has been well said that gravitation itself would be called in question, if the interests of a set were to be subserved thereby. It is not necessary that all who are affected by the particular bias shall have an equal share, or any share at all, in the real or supposed interests out of which the bias grows. The few may fill the social atmosphere about them with their own feelings, so that their associates come into full emotional sympathy with them. Feeling is contagious, and the few who feel intensely may infect a great many. And some who do not feel may imitate, and hence all the ambitious classes are infested with snobbery. In a sense mankind are rational; not so rational, however, but the intellect is largely the servant of the feelings. An interest finds its way into the feelings; these feelings spread by contagion until an entire group becomes affected therewith, when mutual sympathy confirms the common sentiment, and not a doubt remains of its justness. The bias which coincides with the interests of a class, or sect, is far more powerful than a merely individual bias, because it becomes strengthened by sympathy, and reinforced by mutual statement and affirmation, till there is no place for a doubt or a question. It may thus become even a passion, and mold itself into ideals as delusive as lovers' dreams. The bias of partisans may thus at times become heated into passion, and prove itself equal to any outrage on truth. The bias of class, with more quiet, may be equally determined, and may carry its purposes by means no less unscrupulous. An isolated individual bias of this power would be called insanity.

When any matter comes up which is related to interest or bias, the feelings, not the intellect, usually determine what form the judgment shall take. One may readily see this when watching the proceedings of the House or Senate at Washington. Questions will take the partisan form when it certainly requires fine discernment to discover in what the grounds for partisan division consist. So intellectually obscure at times is the cause of such division that one suspects it as gregarious rather than intellectual, and that the many are directed by the nod of a leader. This seemed to be the case when representatives filibustered against Carlisle's three per cent funding bill, and permitted it to pass only when they had ascertained the probability of a veto, although within the next three months Secretary Windom was refunding at three per cent without authority of law. Far-seeing filibusters !

Equally ready is the Senate to divide on party lines. We might perhaps readily enough understand why a bill to divide a territory and admit part of it into the Union as a State, might be a party question; but one can not always tell why a mere motion to adjourn should be so regarded. A land forfeiture bill ought not to divide the wise Senate on party lines, yet, December 9, 1884, Mr. Slater's motion to take up a bill of this kind was lost on a party vote, except that Mr. Van Wyck voted with the Democrats.

There are, too, interests of a local character with their corresponding biases, which may be seen cropping out at any time, especially in the House. Congress is made up of lawyers and of persons not lawyers, all of whom have constituents to please, and who are expected to act as the attorneys and advocates of the local and class interests of their clients. We frequently see attempts to further certain local measures, not only by direct advocacy, but by trading for help, or by opposing some rival claim on the aggregate of appropriations. During the last session of Congress (1884-85), the Rivers and Harbors bill was attacked as unduly favoring the South, although more than two-thirds of the committee which framed

the bill, were from the North. Certain districts, cities, and railways are interested in the east and west movement of commerce; hence the difficulties and expense of improving the Mississippi river were dwelt upon with emphasis. Members living west of Chicago, though earnest in support of Reagan's Interstate Commerce bill, had doubts whether it was advisable to forbid charging more for a short than a long haul. Were it not that the matter is complicated by railroad affiliations, one might guess pretty well the general locality of a member by his attitude toward the Hennepin Canal.

Another form of interest with its appropriate bias—an insidious and reprehensible form, of which the great public has far too little consciousness—is that which actuates members to favor strong men in society, who are seeking to secure certain business privileges, which the many or the weak cannot have. All these forms of interest and bias revolve around self as the centre. The legislator or the administrative officer grants favors for favors in return. If it be a general constituency that is made happy, a reflection may be secured. If it be some great corporate power that is favored, the favor of political preferment, achieved by secret and devious methods, may be expected in return.

Then, while we are wondering at the infinite diversity of opinion which is called forth from congressmen and senators by certain proposed measures, we shall miss the interpretation greatly if we attribute it to the exercise of a purely judicial temper. It is the work of attorneys, and not of judges; and there is a bias of some kind in almost every opinion given and argument made.

8. CLASS LAWS.—In all law-making since civilization began, class legislation has been a prominent feature,—class legislation always intended to be in the interest of the strong class or classes that made the laws. This is but human nature, however;—"give men power and they will use it." Law-makers with the class bias, of which they may be quite unconscious, would think it a waste of power not to make the

laws to suit themselves. Employers and not laborers made the laws for the regulation of laborers in England; and, while professing to have the good of the laborers at heart, they imposed restrictions which, had they been efficacious, would have made the working people slaves. After the great plague wages rose, and in 1351 the Statute of Laborers was enacted to compel people to work at the old prices. This form of arbitrary interference was kept up for centuries. When one law failed, another was tried. Laborers were not allowed to move from one place to another without an official permit, on pain of being put in the stocks. They were not allowed to change their occupation, and children must pursue the calling of their parents. It was decided not only what hired laborers should receive, but what food they should eat and what clothes they should wear. Such laws not only hampered the workingman, but harmed his employers; but none the less was the instinct prompting such enactments that of promoting the class interests of those who made the laws; and what refused to be regulated had its revenges on the regulators. This lesson, which should have been plain from the first, was not learned so as to have results till the present century. Even yet it does not bear full fruits, and the old bias has a good deal of vitality in it. Landlords in England are still preferred creditors and can take the property of their tenants till their claims are satisfied; and they think this right. Acts to secure tenants for improvements they have made become void by provisions which enable the landlord to evade the act; and he thinks it right that he should evade it. Tenants are beaten by renting to them at higher rates in consequence of improvements they have made. The strong classes still rule in many ways.

Previous to the Revolution in France, the weight of taxes was thrown upon the poorer classes. Taxation was direct, and the nobility and clergy were exempt, while the peasants like mules patient of their burdens were loaded down. Of course, the working people had no sensibilities which the aristocrats were bound to respect, and the laws were in general

made to suit the people of fine sensibilities;—all of which was done without the least consciousness that it was not in accordance with the divine order of things.

9. MONOPOLY BIASES.—Wherever monopolies exist, there are influences constantly at work to create and maintain a bias in their favor. This was well exemplified in the case of the East India company. It was a desirable monopoly, those who enjoyed its privileges became rich, they influenced public sentiment, and became members of Parliament; and it required a struggle of a hundred years to overthrow the monopoly and give enterprise at large equal opportunity in the trade of India. The more profitable and unjust a monopoly is, the deeper it fixes prejudice, and the more danger there is in attacking it. This was illustrated by the slavery bias in the United States. It is everywhere and always true. Those who opposed the aggressions of the rich on land belonging to the Roman people were called agrarians, and their lives paid the penalty of their courage in a just cause. It was so in Sparta. The strong do not allow their usurped privileges to be assailed without making such resistance as the spirit of the times permits. What Adam Smith states of the case in England has been almost true of this country. He says: "The member of Parliament who supports every proposal for strengthening monopoly is sure to acquire great reputation for understanding trade, but also great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more, if he have authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger arising from the influence of furious and disappointed monopolists."

There has always been a coalition of the strongest classes in society, in which wealth and blood have constituted the bond, and at the same time, the means of operating upon and secur-

ing the subserviency of other classes. And it is perhaps one of the lessons of history that the privileges of class have never been secured and maintained without accompanying forms of moral contamination. That friend of the people, J. S. Mill, observes: "I thought the predominance of the aristocratic classes, the noble and the rich, in the English constitution, an evil worth any struggle to get rid of; not on account of taxes or any such comparatively small inconvenience, but as the great demoralizing agency in the country. Demoralizing first, because it made the conduct of the government an example of gross public immorality through the predominance of private over public interests in the State, and the abuse of the power of legislation for the advantage of classes. Secondly, and in a still greater degree, because the respect of the multitude always attaching itself principally to that which, in the existing state of society, is the chief passport to power; and under English institutions, riches, hereditary or acquired, being the most exclusive source of political importance; riches and the signs of riches were almost the only things really respected, and the life of the people was mainly devoted to the pursuit of them."

Mill's very first essay was written to combat the current opinion that the rich were superior to the poor in moral qualities. But essay-writing is feeble compared with the ostentations and devices of aristocracy to create public sentiment. The tinsel of aristocratic life is flared in the face of the people, and it proves to be too much for poor human nature. The rich and high-born have always assumed the air of moral superiority, and the poor have been judged as if they all stood on the same level, and that level the lowest. Never have the ruling castes hesitated in their self-righteousness, Turk and Persian like, to break the dishes from which others have eaten. There is always danger that the set in power will come to regard itself as in some way endowed with the right to privileges in which others should have no share. This comes from the habit of regarding all things from self as the centre, in the same narrow and egotistic way, in which mankind formerly

regarded the entire universe as made for their sole benefit. It is not a grace of the uppermost in society to put themselves in others' places, and humanize themselves with a fellow feeling for all. But there is this for encouragement, that these biases grow less as the world grows older; and even essays are not without use.

10. ILLUSTRATIONS OF THE BANKERS' BIAS.—Human nature does not get away from itself, and the equivalent of what we find in the old world is to be looked for in the new. The history of the United States Bank very well illustrates the biasing influence in society of a great corporation struggling to maintain its privileges. It assumed to have on its side all the morality, intelligence, and respectability in the country. It could afford from its lofty position to speak contemptuously of the President of the United States. So completely did it command the press and inspire its iterations and reiterations, that even the discerning De Tocqueville, when in this country, was duped by the prevailing lingo. The influence of the Bank gave tone, not only to the periodical literature of the day, but largely to the proceedings of Congress itself. It was a respectable thing to be on the side of the Bank, and too generally was it true, as John Randolph once said, that a man might as well preach Christianity at Constantinople as to preach against banks in Congress. In 1832 the U. S. Bank was declared to be in a sound condition and worthy to administer the government interest therein, because a large number of congressmen were stockholders, debtors and attorneys of the Bank and loyally stood by it. It expended hundreds of thousands of dollars in the struggle for continued existence, and its final overthrow was due more to its corrupt practices and to an unusual combination of circumstances, than to any organized movement in the interest of right government that is to be looked for in the ordinary course of history.

A remarkable specimen of a class bias is given by Mr. Horace White, and the banker, Mr. Coe, in an article on Money and its Substitutes in Lalor's Cyclopædia of Political Science

It is therein taught that, while greenbacks are credit money, bank paper is not credit money. Bank notes are "tickets" for the circulation of property, while greenbacks represent no such property. The statement is made as the pope would declare a dogma—as final. It is asserted in various ways that bank notes always represent property in circulation, while greenbacks never do. Yet we all know that whenever greenbacks change hands, articles of property also change hands, the one balancing the other. It is not as Mr. Coe says, as if one should draw a bill on Liverpool and send no corresponding property. The property always accompanies the greenback. The man who had the greenback now gets the property, and the man that had the property now walks off with the greenback, and this "ticket" is perfectly good in his hands for property again whenever he wishes to make the exchange,—just as good as a bank note, and it performs precisely the same function.

But I may be told that the greenbacks were originally credit money. Indeed! The bank notes are given to the banks—the purest credit money conceivable. The banks give nothing whatever in exchange for them. The government only holds the bonds; it does not own them or it might burn them,—it only holds the bonds, the banks own them and get interest on them, besides having ninety per cent of their value additional in bank notes which the government has given them to be theirs out and out for twenty years. These notes, when they get into circulation, represent property precisely as greenbacks do, but in no other way. If greenbacks are credit money, bank notes are credit money, and nobody except one with a bankers' bias could ever think of them as anything else. Now, while the banker gets interest on his bonds and interest on his "tickets," affording him a clear profit on business of eight to ten per cent per annum, he finds a rich soil for bias to grow in. Most investors without special privileges get only half as much profit, and they are certainly excusable if they do not, like docile catechumens, accept this bankers' dogma. Its promulgators may have been as sincere as the apostles of any dogma,

but this does not prevent it, when incorporated into a valuable book of reference, from poisoning the sources of knowledge, and vitiating public opinion on this subject. Although it has been asserted again and again that there is no profit to banks in issuing paper money, yet does the banking interest show itself jealous of all forms of paper money but its own, while it clings with tenacity to the privilege of making the people's paper money for the people's good. It is the amiable bias of parents to see virtues in their children others can not see, and bankers are not to be blamed for the banker's dogmatism of bias ; but such dogmatism is no part of political and economical science.

Akin to this is the pretty theory about the issues of banks regulating themselves. "When trade is brisk, the notes, if issued according to the banking principle, will be plentiful ; when trade is slack, they will find their way home for redemption. This is as it should be." (Coe and White.) That is, bank issues are self-regulating. Yet these same economists teach us that if the government issues notes in answer to a speculative demand for paper money, it creates a disease of the currency which craves more paper money; that is, whatever may be the amount the government issues, it is absorbed in higher prices for all things, and the demand for more paper becomes even greater than before. Is it not singular that an addition of bank paper under brisk trade does not inflate prices and become absorbed therein, while an addition of government paper would so inflate prices and become absorbed therein ? There is no such difference, however ; it is when trade is slack that the difference comes in. The people who are then short clamor for more money, and the government would not be likely, under such circumstances, to contract its circulation. When banks furnish the paper money, and business men who are embarrassed under dull trade ask for help, help is very cautiously afforded. Whether depreciated or at par, the two kinds of paper money act precisely alike on business, and there is no self-regulation about either. Both

1

have to be regulated, and banks always regulate to suit their own class interests, and preach to suit their own class bias.

11. THE MASK OF CREDIT-STRENGTHENING.—Perhaps nothing better illustrates the power of a bias to get itself made into law, than that which took form as the Credit-Strengthening Act of 1869. There had been five or six different acts authorizing the issue of bonds, and only one of them provided that the bonds should be paid in gold, that authorizing the issue of the 10/40^s. All the others were issued substantially under a contract, the terms of which were plainly defined in existing law. There were three acts for the issue of U. S. notes, and these acts were all explicit in providing that the notes should be "lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and interest" as specified. These U. S. notes carry on their face this notice to all who use them: "This note is receivable at par in all parts of the United States, in payment of all taxes and excises and all other dues to the United States, except duties on imports, and also for all salaries or other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt."

When the Credit-Strengthening Act was under consideration in the Senate, Mr. Morton declared that the laws creating the greenbacks (U. S. Notes) "is a part of the contract under which all these bonds were subsequently sold," and that "broader, more comprehensive and explicit declarations of the law-making power," he believed he had never read. Mr. Morrill replied patronizingly, assuring the Senate that the Senator from Indiana, able as he was, could not revive an interest in the matter discussed, and that no measure had met with a warmer welcome from the people than this Credit-Strengthening Act. All amendments offered to place government creditors on the same footing with other creditors were promptly voted down, and the bill passed by a large majority. Only thirteen Senators voted against it: Bayard, Carpenter, Cas-

serly, Cole, Davis, Morton, Osborn, Rice, Ross, Spencer, Stockton, Thurman, and Vickars. Forty-two voted for it, ten were absent. In the House, it had passed, yeas 98, nays 47, not voting 49. Beck, B. F. Butler, Holman, Knott, Kerr voted nay; Garfield and Schenck were among the yeas.

This bill was passed under the pretext of strengthening the credit of the government. The preamble was a mask under which a retroactive act was passed to make a discrimination in favor of government creditors and against the tax-payers of the country. It was very patriotic to strengthen the credit of the government; and to vote against anything of this character, was, of course, not quite the loyal thing to do. But the government had good credit already; all it had to do to maintain its credit was to pay its debts according to contract. As the law stood, all the bonds but the $10/40^s$ were payable in the currency in which all other creditors were paid. Of course, when resumption should take place, the bonds would be paid in coin or its equivalent; but so would all other debts. But if resumption should not take place, there was no sound reason why bondholders should fare better than other creditors at the expense of the tax-payers. They had bought the bonds without any guaranty that payment would be made in gold. "But they expected payment to be so made." Did they? Then, that illustrates the bias of an interest ready to use its opportunities to consummate a job. They paid their money precisely as the purchasers of all other property did, subject to the contingencies of the future, and there was no reason or justice in special legislation for the benefit of bondholders.

Because the bonds were not yet due, and because after resumption they would be payable in gold anyway, it was held that, therefore, this measure while very useful was practically inert and perfectly innocent. If the act was not intended to give additional value to the bonds, it is difficult to see in what its strengthening efficacy consisted. But even on the assumption that it was a purely theoretical measure, it must be set down as a movement to humor the plutocratic bias. Congress

is not apt to insist tenaciously on "barren idealities;" the measure was meant to make sure of substantial benefits under the pressure of an interested class. The bill had passed the previous session, but President Johnson had refused to sign it, and now it was one of the very first measures attended to under the called session. No doubt the ex-President's opposition had strengthened the scheme with partisans. Mr. Upton informs us that those who opposed the war opposed this act. The people of whose cordial welcome Mr. Morrill spoke, were pretty busy attending to their own affairs, and knew only too little of what was going on in Congress. It was easy to mistake the very warm interest of the few for the approval of the many.

Now, what proportion of the people in this country were directly interested in such a piece of legislation? The number of bondholders at that time is not known, but a few years later it was 71,587, besides 1527 banks, insurance, trust, and express companies. Leaving out the companies and counting a family of five persons to each individual bondholder, there would be less than one-tenth of the people of the United States favored by this act. Of course, there were individuals and families interested in the bonds held by banks and the other companies; but it was the large holders and not the needy small ones, from whom the solicitation came, and in whose interest the law was made.

This was a sectional as well as a class measure. There were about 17,000 individual bondholders in Massachusetts, 15,000 in New York, and 10,000 in Pennsylvania, while there were but 58 in Georgia and 283 in the great State of Iowa. Taking into account the banks and companies, the discrimination against the West and South would be shown to be still greater.

But why resort at all to a measure guaranteeing legality to the greatest possible weight of the public debt? Already the bondholders had been the gainers and the taxpayers had been the losers. These bonds had been paid for in the legal tender of the day. Some of them had been bought when the current

dollar was worth but fifty cents in gold, and the government had purchased army supplies with the proceeds at more than double prices. Were the requirements of statesmanship indeed so urgent, that Congress should now make these bonds sure of payment in gold, whether other creditors got such payment or not? The expenses of the war had been made a third greater on the legal tender basis than they would have been on the gold basis; that is, the figures indicating the debt were already a billion more than the gold basis would have warranted. Every year these figures were indicating a greater relative value under the appreciation of the legal tender notes; and if some of the bonds should fall due with the currency a few points below gold, still the bondholders would have the best of the bargain and the taxpayers the worst of it. The law was in its very spirit a flagrant violation of equity. The only excuse for it is that it passed at a time when the beneficiaries of government were luxuriating beyond precedent, and the people were too much absorbed with their own prosperity to take note of the covert methods of plunder in vogue. If Congress had labored to protect the people against plutocratic aggression, it would hardly have been appreciated by the people; but laboring as it did to help on magnificent jobs, it pleased those who were able to make public opinion, and it got great credit for patriotism and statesmanship. It is easy to move in the direction of strong biases, and public bodies move easiest toward appreciation and reward.

12. THE NAVAL SUPERSTITION.—We are the only people in the world forbidden by legal enactments to buy foreign-built ships. The least part of an American vessel owned by a foreigner so taints the whole that it loses its American privileges. If an American resides in a foreign country for his health, the vessel of which he owns a part, loses its rights to protection under the American flag. No registry can be had for an American vessel except on oath that no foreigner has any interest in it. Provision is made by law that no foreigner

shall command an American vessel, or be an officer of any kind on it. "No foreign-built vessel, or vessel in part owned by a subject of a foreign power, can enter a port of the United States, and then go to another domestic port with any cargo, or with any part of her original cargo that has been once unladen, without having previously voyaged to and touched at some other port of some foreign country, under penalty of confiscation." No vessel that has been once sold to a foreigner can ever become an American ship again. If an American vessel undergoes repairs in a foreign country, it must pay duty on the same when it returns to the United States. Foreign vessels in our ports, having to replace broken machinery, must pay duties on the same. If an American buys a foreign wreck and puts repairs on it to a value less than three-fourths its whole value, he cannot get an American registry on his vessel. American vessels engaged in foreign trade (except in the fisheries) must pay a tonnage tax of thirty cents per ton. All vessels from a foreign country must carry their freight to a port of entry (even if in doing so it is necessary to pass the port of delivery), and there unlade, when the goods must be reshipped by coasting vessel or rail to the place of destination. (Condensed from D. A. Wells in *Cyclopædia of Political Science*.)

No wonder the American merchant marine has almost passed out of existence! One of the most absurd of biases is that which has its base and origin in superstition; perhaps it was some such bias that dictated our navigation laws, or it may have been, indeed, one of that nondescript sort which is frequently met with among the very positive people in asylums. But whatever may be the kind, one can not listen to a debate in Congress on naval affairs, without becoming convinced that the primitive bias is still pretty strong in "survival."

13. RELIEF FOR BIG DEBTORS.—The aristocratic bias is perhaps exemplified in the aim of our bankrupt laws. These afford relief to the big debtors. A man who has been so enterprising as to get in debt to his neighbors several thousand

dollars above his assets, may get relief; but the honest dealer who has managed to get in debt only 199 dollars (or some such sum), must support his family on his small resources, and pay his debts to the last penny, or stand condemned as a cheat in society. The enterprising debtor who has recklessly sunk his thousands and procured release under a benignant law from the claims of creditors, may commence again, and with a privilege from obliging legislators to tax the people, he may become a millionaire. As a millionaire he commands, while the small debtor is still wrestling honestly and earnestly with fate. Such are the caprices of bias; and they are so common that we hardly stop to think of them.

14. BENEFIT OF BIAS FOR THE FEW.—There is a peculiar force in society which passes by the many to favor the few. One of these forces is direct in its bearing on legislation. Is a certain act of legislation in the interest of "everybody," there is little interest in it by anybody. The interest is too much diffused, and there is but little effort made to promote it. Is it in the interest of the few, there is vigorous agitation, if this is necessary, to bring it about. Very often, indeed, it is secured most readily and surely by the use of "influence" in the lobby, with as little agitation before the people as possible. The known desire of a few distinguished business men of wealth is usually far more powerful with legislative bodies and executive officers than the known desire of poor and unknown people. The pressure that our Congress and administration at Washington most feel, is not the pressure of a popular sentiment which may be contemptuously regarded as a temporary gust of "popular clamor;" it is the pressure that a few strong men bring to bear that tells most efficiently. A good many ex-members of Congress and shrewd attorneys haunt the lobbies in the immediate interest of a wealthy few. Besides considerations of a more weighty and tangible kind which somehow or other make themselves felt, there is a bias in the air which prepossesses the judgment of public men in favor of the efficient agencies in society. Witness the immense land

grants made to enterprising corporations, mostly for a remote and problematical consideration. It had become the fashion, and Congress played at the game, often with millions of the people's acres at a single deal. At this writing, American and foreign syndicates are given title to vast tracts of land in our western country to the exclusion of families needing homes; and yet, while titled non-resident landlords are encouraged to monopolize American lands, we would not let a foreigner command an American vessel, nor permit an American vessel once sold away ever again to sail under the American flag. Our ships are so much holier than our soil. All this is due to the caprices of bias; neither common sense nor equity is responsible for such absurdities in the domain of legislation.

The late Secretary of the Interior, during the last days of his incumbency, made strenuous efforts by an additional force of clerks and continuing work on Sunday, to make out patents to the New Orleans and Pacific Railroad for lands which had originally been granted to the "Backbone" Road, but never earned. Gould and Huntington were the beneficiaries in chief; does any one suppose that the Secretary would have shown equal expedition in making out patents to actual settlers, even if they had numbered thousands and their claim had been as good as that which was officially recognized? Would he not have been quite willing to trust their claims to the next administration and to Congress, before which measures respecting this grant were then pending? He was swift to secure to financial freebooters their questionable claim, and the more ready, perhaps, because it was questionable, though the act involved detriment to actual settlers. A technically established, though doubtful, claim is recognized, and on this technicality honest settlers are deprived of their homes, when further delay, giving more time for a slow and reluctant Congress to act, might have secured the settlers, if the bonanza had been less for corporate enterprises. But the Secretary followed his bias, and biases capable of results usually incline toward the

greatest social force as the plummet inclines toward the mountain.

For the last ten years Congress has been wrestling with the problem of railway regulation. Perhaps not five per cent of our national legislators would dare to say that there is not great need of doing something, or that regulation is not practicable. The opinions expressed in Congress are almost unanimous that there are railroad abuses which should and might be largely corrected by judicious legislation; and yet Congress has worked at this problem for ten years, and is apparently no nearer its solution than it was when it began. There seems to be an obscure and occult power at work to thwart the good intentions of Congress in this field of endeavor. You can not see this power any more than you can see the wind; but you can see the wreck of Congressmen's good intentions strown about. The House passed an Interstate Commerce bill some years ago, and last winter passed another, and the Senate passed a bill. The House and Senate bills are thoroughly at variance in their methods, and they answered one purpose well, that of not doing anything. The discussions on the subject were certainly able, showing penetration and a wide range of knowledge on the subject; and yet one of the last things the Senate did (at the short session) was to appoint a commission of five Senators to investigate the railroad question and report early at the next regular session. They apparently have so much information on the subject now, that they do not know what to do with it, and the more they get, the more undecided they may become, and still continue to waste the years in fruitless discussion. There is sometimes a peculiar interest fixing one's attention while listening to the debates on this and other questions in the Senate. There is impressive solemnity in the manner of Senators when they refer to the danger of infringing some constitutional principle, or of adopting some provision with a possible incidental evil in its practical operation, just as if it were possible to deal with a case as complicated as this without an

occasional lapse which had not been clearly foreseen. One would think, in view of their careful conservatism, that a law once made could neither be repealed nor amended, and that its unforeseen evils would have to be borne forever, just as if all acts in new legislative fields are not necessarily tentative. But these great legislators have not always shown themselves so fearful of moving. Very promptly, indeed, have they voted away the people's lands, and very reluctant are they to declare forfeitures, however manifest the delinquency. These cautious conservatives will view with absolute composure the exercise of corporate privileges to tax the people in unjust ways, but they are disturbed at the thought of establishing a legal control over such privileges. This is due to a bias, and the bias is due to some potent energy, which lies back of it. Under this, as under most powerful biases, the few dance, and the many pay the music.

15. ARISTOCRACY IN THE SENATE.—If I were alone in the view that there are aristocratic classes in society with their characteristic and telling biases, I might hesitate to present it; but I am not alone. Whoever would understand the working of political institutions must take account of such biases. In a defense of the Constitution of the United States Senate, John Adams said: "The rich, the well-born, and the able will acquire an influence among the people that will soon be too much for simple honesty and plain sense in a house of representatives;" and he thought the chief of this class should be put in the Senate, where they would be able to do less harm than in the House. And McMaster, from whose history I quote, observes, "The statement undoubtedly contained much truth." Whether this influence is made less dangerous to the general interests of the people by being put by itself in the Senate, may be a question. It is to be feared that it is abler to carry its aims there, than it could possibly be in the House of Representatives. Then, it must be remembered that the Senate is not a sufficiently numerous body to hold all of this class at the present time, and that there are always many such

in the House who are bidding for the favor of the strong in order to increase their chances for membership in the Senate ; and between the two the aristocratic biases have things pretty much their own way. Formerly, the U. S. Senate was regarded as conservative in the best sense ; now it is coming to be regarded more and more as the bulwark of plutocratic bias. More and more are very wealthy men or their attorneys securing seats in the Senate, and in some instances by means that are suspect. Money by its direct and indirect power secures senatorial honors for its possessors. On the 11th of March, 1885, I was sitting in the Senate gallery beside an intelligent gentleman from California, who pointed out to me, the new senator from that State, Mr. Leland Stanford, and explained that he was the richest man in the Senate, being worth about forty millions. "I believe he has had something to do with railroads," I remarked. "Oh yes," he replied, proceeding to state the Senator's standing as a railroad magnate. "Was not that," I inquired, "some objection to his being sent to the Senate ? or didn't that question enter into the canvass ?" "It was a question in the canvass," he replied, "and thoroughly considered, for California, you know, is the greatest anti-monopoly State in the Union. The people looked at the matter in this light : If we send Stanford and put him on his honor in so doing, it will be much better than to send some one else, for whoever we send will be Stanford's man, and will do Stanford's work more objectionably than he would dare to do it himself. Don't you see it would be just so ?" I did see ; and I thought it very wise of the people of California to behave, in this prudent way, like the man that had his head in the lion's mouth. John Adams did see deeply into the possibilities of the case.

16. BIASES OF ECONOMICAL TEACHERS.—Not legislators and executive officers alone have the aristocratic bias ; the teachers of political economy are not wholly free from it. No doubt the charge is frequently made when not true, and then, however true it may be, it does not apply to all political economists.

There is not perfect agreement among them by any means ; and this is not to be expected, human nature being what it is. Political economy has to do with questions in which class interests are diverse, and owing to the conflicting emotions which these interests call up, and the biases which they generate, it is not to be expected that political economy will soon be free from the taint of bias. Doubtless there is great progress to be made in this direction. Prof. Rogers, in his *Six Centuries of Work and Wages*, says : "Writers have been habituated to estimate wealth as a general does military force, and are more concerned with its concentration than they are with the details of its partition. It is not surprising that this should be the case. Most writers on political economy have been persons in opulent, or, at least, in easy circumstances. They have witnessed, with profound or interested satisfaction, the growth of wealth in the classes to which they belong, or with which they have been familiar or intimate. In their eyes the poverty of industry has been a puzzle, a nuisance, a problem, a social crime. They have every sympathy with the man who wins and saves, no matter how ; but they are not very considerate for the man who works. Ricardo, an acute stockbroker, went so far as to say that there should be no taxation of savings, so profound was his interest in the process of accumulation by individuals. It was strange that he did not see that the only fund which can be taxed, is what the individual may save."

J. R. McCulloch, who wrote at greater length on taxation than Ricardo did, is a still better sample of the plutocratic bias. Having endorsed Smith's canons of taxation, and declared that "all the subjects of a State should contribute according to their respective abilities," he then proceeds in an elaborate way to show that such principles have no bearing on the question. He condemns taxes on either income or property, and advocates the rating of taxes according to consumption. He argues that a little more cost on living is a good and not a bad thing for working people, as it acts as a stimulus

to greater industry and economy. He contends earnestly against making the rich pay more than their fair share of taxes; and in this he unconsciously betrays his bias, for the rich have always got off with paying less than their fair proportion. But, on the other hand, this teacher not only advocates but justifies a scheme of taxation, which takes more than their proportion from those who are not rich. While maintaining that taxes on the poor stimulates them to greater exertion, he thinks it of very little importance whether the rich pay their full share or not, because what they are thus enabled to save, helps business and affords to laborers additional means of consumption. But he regards it as quite immaterial whether even this compensation accrues to the laborers, since the stingy consumption of miserly rich people is likely to react into prodigal consumption by those who inherit their estates. McCulloch is one of the best examples of that class of writers, who in their views of wealth, "are more concerned with its concentration than they are with the details of its partition." (Sec. 22.)

A late example in this line has already been referred to. Mr. Atkinson brings to his work so much bias and passion as to be altogether unconscious of the most obvious inconsistencies (Sec. 5). Our silver is really dangerous, and our coinage of it would be paralleled by buying two millions per month of wool to keep up the wool industry. Our greenbacks above the gold in the treasury for their redemption, have not the first attribute of good money, and yet bank issues are just the thing, because they expand and contract to suit business. Bakers and butchers add more to the cost of provisions than railroads do, therefore we should first regulate bakers and butchers by statute before we undertake to meddle with railroad management. But if we must have railroad regulation, let it be by a "board of friendly arbitration,"—a just and impartial arbitration not being precisely what the bias requires, or it would have been so "nominated in the bond."

Another example may be given, and that confined to a single

chapter, and the first one, in Prof. Sumner's new book of Collected Essays. Those who have read Prof. Sumner, know that he is great on science, and stands by the approved body of economical science to defend it against all unscientific attacks. I will indicate in the order they occur in the essay, some of the points, which betray the author's prepossessions. (1) The demonetization of silver in Germany was not an arbitrary act, but its remonetization in the United States was an arbitrary act. (2) In the list of offsets to the loss of currency by the demonetization of silver in Germany and the Scandinavian States, he includes the entire gold product since 1873, about \$120,000,000 per annum; yet he knows that a very large proportion of this gold has been used up in the arts and manufactures. (3) It is a bad thing to transfer property from one class to another by making money cheaper; but it is not a bad thing at all to transfer it by making money dearer. This bias comes out in strong relief, and takes us back to the times when the author stated that it was as a wage-earner (working on a fixed salary), that he opposed the remonetization of silver. (4) Wherever the class interest of creditors is touched, this writer is effusive in his sympathy with them, and in this essay he repeats the marvelous statement that they constitute a small, weak, scattered, unorganized, and unknown class that never attracts attention (pp. 20, 28, 29, 32). Only think of this! One finds not the least indication of sympathy with the debtor class; but he declares that bi-metallism is a project for "uniting the debtor class of all civilized nations in a 'corner' on the falling metal." (5) Throughout his treatment of the silver question, the increasing disparity between the bullion values of gold and silver is spoken of as due solely to "the fall of silver." This bias forbids the least suggestion of a possibility that this disparity may be due in part to the rise in gold. (6) He thinks that Bismark was making fun of his American interviewers when he expressed the opinion that Germany had erred in adopting gold monometallism. Whenever the fact goes against this writer, he draws on

his imagination and falls back on dogmatism, and he commits these offenses against the scientific method with surprising naiveté.

While these biased teachings grow out of controlling interests in society, they in turn reënforce those interests by forming public sentiment and giving direction to the law-making and law-executing powers. In this way franchises are bestowed, which operate as wealth accumulators for the persons who have managed so well as to secure them. And then there is the power which capital itself possesses in virtue of economical forces to accumulate, affording to its possessor, often a mere child of fortune, a great advantage over others. Add to this the power of combination which gets rid of competition, and which is becoming the rule in all businesses that are managed by comparatively small groups of persons. Now, when we add to these forces the bias of orthodox teachings in economics, we must not be surprised if there is injustice in the distribution of wealth. The course of such distribution rests on a bias which regards it as perfectly correct and by no means to be interfered with. Men whose interests are unfavorably affected by the covert methods of distribution, are yet loyal to the plutocratic biases, because they have unconsciously imbibed them from certain powerful influences in society. It is a phenomenon of the times that people belonging to the same set in society, and having an instinct of what their immediate interests require, reënforce one another in the bias of the coterie, till they come to feel that their view of the situation is necessarily right, and that whatever conflicts with it is necessarily wrong and altogether unworthy of respect. This powerful virus is not inert; others are infected and it spreads. Take "American protection" for an example. We think there are very many intelligent people with hearts aright, who have not reflected sufficiently on the influences affecting their own minds in relation to class interests to realize why their sympathies incline to one view rather than to another. Manly sympathies indeed they have, but these are often mis-

directed from perversion of judgment under the influence of bias. And when a prevailing bias has operated quite exclusively on the mind, there is no experience to profit by contrast and comparison in the correction of opinion.

17. **THE IMPOTENT BIAS.**—I am perfectly aware that there is a bias among our workingmen which is usually in conflict with the bias of their employers, and as crooked as any of the biases. Thus, while some employers grow rabid at the name of a workingmen's union, as if Satan were in it, some who are in such unions speak of the relations of labor and capital with a good deal of misplaced feeling and with very little common sense. I have not aimed to bring into relief this bias of the masses, because it is usually without result, having little power to get itself made into law, or by any established means to direct the forces of society. And because it has not such power and is withal crude in its methods, it is quite generally thought to be bad, while the biases of the strong pass current as good. We have very little of this workingmen's bias in the departments of the government. And while the aristocratic bias has sway so generally, we must expect men to act under it without the least consciousness of bias. Hence the need of doing something to awaken in the popular mind a clearer sense of this master bias in favor of the powerful who are seeking and securing the means, by franchises and combinations, of levying tribute on the masses, and making deeper and wider the inequalities of life.

18. **IMPROVEMENT IN BIASES.**—Illustrations of this heightened bias were more extreme and striking in times past than they are now. It carried things with a higher hand; to-day it is more insidious and indirect. In feudal times power was exercised as if all sensibilities belonged to those who had the power; and in some ways the lower classes passed for little more than beasts of the field. A nobleman having made himself weary in the chase might place his feet on the abdomen of a prostrate serf, who must encourage the circulation in his master's precious legs by rubbing them with his hands. In times

much nearer ours, a pious puritan in authority could arrange with a slave importer for a likely wench; and a devout Methodist could declare that he never enjoyed more of the grace of God than on his last two voyages in the slave trade. The bias that it is our own precious set that has all the sensibilities, has full illustration in history. De Tocqueville observes that Madame de Sévigné "had no clear notion of suffering in any one who was not a person of quality." She described the violent treatment of the poor and spoke of their sufferings precisely as if she regarded them quite destitute of human sensibilities. This bias was prevalent, and it was in consequence of it that when a man of rank died, it was thought everybody ought to mourn, and that when a poor peasant died, it was a matter of no moment to anybody. There is much of all this in our own times, but there has been great improvement, and there is room for a great deal more.

CHAPTER III.

TAXATION.

19. THE EVIL OF GENERAL INDIFFERENCE.—The business of taxation is a very complicated one, and it properly takes into account a greater number of considerations than are apparent at a casual glance. Human nature has to be dealt with, and human nature is very refractory. Louis XIV. thought the best method of taxation was that which plucked the feathers with the least remonstrance from the goose. The powers that levy taxes have not always been so honest as the great king, but pretty much all of them have acted largely on his maxim. When the people pay taxes without knowing it, and look upon the exchequer as filled by a sort of magic, it becomes comparatively easy to tax them heavily. This is one of the reasons why indirect taxation is so highly in favor. Perhaps only about one per cent of taxpayers in the most intelligent

population on earth have reflected, when they buy goods, that they are paying taxes in their store bills. This indifference leads to carelessness in two respects : The taxing power need not be so particular about the amount of taxes levied, and may levy liberally; they need not be so particular about the fairness with which taxes fall on the different classes of society, and consequently they are apt to make the levy so as to provoke the least remonstrance from the shrewder people who have the most property to be taxed. The masses of taxpayers will not make any noise, for they are so busy with their own personal finances as really not to know how they are taxed. There is need for more light among the people on this subject.

20. THE DIFFUSION OF TAXES.—A principle which serves to cover up a multitude of sins in taxation is that of the diffusion of taxes. Political economists are divided on this subject. Some speak of the diffusion or repercussion of taxes, as if taxation were a simple mill which will grind out just such a result, if you only get it to going. It has come to be a part of this doctrine, making it exceedingly simple and absolute that all taxes fall on consumption. David A. Wells says : "Proportional taxes on all things of any given class will be diffused and equalized on all other property. All taxation ultimately and necessarily falls on consumption," &c.

Now, if this principle be absolutely true as stated, that all taxation ultimately and necessarily falls on consumption, then it does not matter in what way taxes are levied, for every man, woman, and child will pay the taxes according to what they consume, and they cannot help themselves. Having reached this acme of absolute economics, we may rest content under the fiat of an economical law that cannot be set aside. But this is not in accordance with the instinct of those who actually pay their money down for taxes. They have the bias universally that if they are directly taxed and have to pay, the burden rests with them, and they are not able to shift it upon others. How are taxes on land rent to be shifted ? Rent has no effect on the prices of products, and a tax on rent will not

affect the prices of products, wherefore farmers who rent cannot pay more for the use of the land than before the tax was levied. The tax comes out of the landlord, and he cannot shift it. Ricardo observes, and I think justly: "A tax on rent would affect rent only, and could not be shifted to any class of consumers." Not believing in absolute economics, we admit that there might be exceptions to this rule under conditions which need not be specified, but the rule it is none the less.

In like manner a tax on land is a tax on the capital invested in land, and the owner who manages his own cultivation cannot recoup himself by selling his products at higher prices, or by getting his hired men to do with less wages (Sec. 3). Take the income tax. All persons having large incomes or fixed incomes, oppose this tax under the conviction that it is paid by income and not diffused. I can understand that if a moderate percentage of income were taken for revenue, the payers thereof would reduce their personal expenditure to a corresponding degree, or else they would have that much less for investment in business. These alternatives would take place according to the tastes of taxpayers; and some would have even more than before for business purposes, on McCulloch's principle, that it makes a man more industrious and economical to have to pay a good stiff price for commodities. Some would have as much as before, some less, for investment, and if on the whole there should be less in consequence of the tax, I can see how the laborer would so far suffer from a weaker demand for his services; but in no way could the masses of poorer people be made to pay the tax. Income would pay the tax, and very little would ever return by way of repercussion.

Put the case in another form: Suppose the property of our great railroads were exempt from taxation, would that induce them to carry goods for the public that much cheaper, thus helping others to pay their taxes? Would the exemption of a million dollars to railroads be transferred by any hook or

crook to the pockets of other taxpayers? We could not count on it. By various devices the great railroads reduce competition between themselves, and if exempted from a tax they had been paying, they would no doubt pocket most or all of the saving in the form of increased profits. They took all the traffic would bear before exemption; they would take precisely the same afterward, and no other class in society would receive anything but the incidental advantage which accrues from all great accumulations.

Take another instance: that of taxing wages. Smith and Ricardo maintain that a tax on wages will fall on employers, and that, consequently, laboring men cannot be made to contribute to revenue. But this assumes that laborers require all their wages to live, and that if they pay taxes, there must be an addition to their wages equal to the taxes. This, however, is not always the case, and if laborers were taxed, what they now pay into savings banks would partly or wholly go into the exchequer, and laborers would be that much worse off. There would be little or no diffusing. Are wages any higher for the excise on tobacco and liquors? Laboring men consume them largely; are they able to shift the tax to their employers or to anybody else? Wherever laborers are not already down to the living point under the "brazen law," they pay the taxes that are levied on them, and they are still able to live and work. This is true even if the taxes be laid on the necessaries of life. If they barely lived before the levy, the tax would be shifted to the employers in necessarily increased wages; if they had more than what was merely necessary to live on, the taxes would come out of that surplus. Such things are conditional, not absolute. The poorer classes in society have the least power to shift the burthen of taxation to other classes. The rich no doubt have this power to a certain extent, for the simple reason that in all class conflicts they are the strongest, and can take advantages not within the reach of the poor. It is hardly possible for even great corporations, so to avail themselves of the shifting process as to

make others pay their taxes, but it is evident that they have more power to do so than business men without combination or privileges. But if great corporations were successful in shifting taxes, the case would not illustrate diffusion in the usual sense. Diffusion is the shifting of taxes by an economical law under free competition, whereas the corporations could reap the benefits of diffusion only by getting rid of competition, so as arbitrarily to fix rates and prices.

Now, since organized capital which largely gets rid of competition, is far more likely than other agencies in society to make the general public bear the burthen of its taxes, hence there is need of great care on the part of government to avoid adding to the disadvantages under which the weaker already labor. But in any case the shifting of taxes requires an effort, that effort meets with resistance, and requires time to effect its object, wherefore the doctrine of diffusion is at fault in implying a mobility of the social forces acting under free competition, which does not exist.

Mr. Wells illustrates in this way: "A dealer in imported goods keeps on hand a stock of accumulated taxes—imports, excises, State, city, and local taxes; the farmer charges taxes in the price of his products; the laborer in his wages; the clergyman in his salary; the lender in the interest he receives; the lawyer in his fees; and the manufacturer in his goods." This is true mainly as an illustration of the fact that the strong have some power to make other people pay taxes for them. And in this respect, however true of the others named, it is not true of the laborer and the farmer. As already stated, it is not true that the laborer recovers in additional wages what he pays out in taxes. It is not true that the farmer charges his taxes in the price of his wheat. The higher his taxes, the more wheat he must sow, and the more surely is he compelled to sell it in season to make ends meet. The more the farmer is taxed, the more the consumer is benefited by an abundance of products, and the greater slave the farmer is, and he cannot help himself. His farm is the home of his family; it is a

fixed possession, and he must make it pay as best he can, and this he does not by neglect, but by turning his acres to the greatest possible advantage. He cannot whisk round from his business to some other; nor indeed can other business men do so with the facility which the theory assumes. If mobility and competition were not impeded as they are, then, indeed, would Smith's view be correct, that "no tax can ever reduce for any considerable length of time the rate of profit in any particular trade, which must always keep its level with other trades in the neighborhood." But this is a theoretical view of the case—a specimen of absolute economics, which, if the neighborhood is somewhat extensive, is never true in practice (Sec. 2).

Prof. F. A. Walker in his work on Political Economy says: "This which may be called the diffusion theory of taxation, rests upon the assumption of perfect competition. It is true to the full extent, only under conditions which secure the complete mobility of all economical agents. As far as any portion of the community are impeded in their resort to the best market by ignorance, poverty, fear, superstition, misapprehension, inertia, just so far is it possible that the burden of taxation may rest where it first falls. It requires, as Prof. Rogers has said, an effort on the part of the person who is assessed to shift the burden on to the shoulders of others. Not only is that effort made with varying degrees of ease or difficulty; but the resistance offered may be of any degree of effectiveness: powerful, intelligent, tenacious, or weak, ignorant, spasmodic. The result of the struggle thus provoked will depend on the relative strength of the two parties; and as the two parties are never precisely the same in the case of two taxes, or two forms of the same tax, it must make a difference upon what subjects duties are laid, what is the severity of the imposition, and at what stage of production or exchange the contribution is exacted."

In the *London Economist* of February 21, 1885, there is a discussion between the editor and Mr. J. Chamberlain on the relative incidence of taxation on the rich and poor in

England, wherein both disputants take for granted that taxes are not shifted from one class to another; that, for example, the income tax stays where it is put, and that the poor pay the tax on the articles they consume. Mr. E. J. James (*Art. Science of Finance in Cyclopædia of Political Science*) thinks that altogether too much has been made of the diffusion theory of taxes. He calls it an optimistic theory which assumes that ill-placed taxes will diffuse justly. He admits the shifting process, but says it may aggravate injustice, and cannot be depended on rightly to distribute the burden of taxation. He says: "In any case it is exceedingly difficult to determine what the effect of this shifting process has been, and we have, therefore, no security that a harmful and unequal system of taxation will distribute itself justly by any process of shifting and re-shifting. It is necessary, therefore, to make our system of taxation, from the first, consistent with the principles of economy and justice."

21. THE CHIEF MAXIM OF TAXATION.—If unjust or partial taxes do not diffuse justly and equally, the proper levying of taxes is not so easy as some would have us believe. What, then, is the correct rule of assessment? Adam Smith taught that taxes should be paid according to ability to pay; that is, according to the revenue enjoyed under the protection of the State. Mr. James thinks this maxim begs the question and is withal contradictory. The shrewdest minds had passed this canon under review for almost a century, and found it, as I believe it to be, fairly consistent. The word "enjoy" is used in the sense of receive, as the illustration in the next sentence clearly shows; and as a rule it is true that citizens are able to pay taxes according to the income or revenue they receive. To raise all the public revenues from citizens according to income, would, in some instances, no doubt, work injustice. A man might have most of his property in articles of luxury which he enjoys, having at the same time only a moderate income. Another, with little capital, might have a large income, owing to high qualifications for some particular busi-

ness, in which case his estate in the early part of his career would consist wholly in his business qualifications. In the former instance, it would seem that income is too small, in the latter too large, to be used as the measure of the taxes each should pay. The man of business genius, however, soon has accumulations at command, and he could hardly complain of injustice when taxes are proportional to income, were it not for the precarious tenure his family holds in his genius as a business factor, the source of income being liable to be cut off at any time by sickness or death. In the other case, the taxpayer has his accumulations already, and is enjoying them under the protection of the State. His taxes should be proportioned to his resources of enjoyment rather than to income. But these are only exceptions; and no definite rule can be laid down that has not its exceptions.

Mr. Wells regards Smith's maxim as vague, as well as contradictory, and he quotes Montesquieu as nearer the mark, who says, "that the public revenue ought not to be measured by the people's ability to give, but by what they ought to give." This has no reference to the apportioning of taxes among individual citizens. It refers to the aggregate of taxes which the State may take from the whole people, and it throws no light whatever on what Mr. Wells is discussing. But from another writer is added, "What they ought to give, can, of course, be only measured by the benefit they are to derive;" reference still being to the aggregate and not to apportionment. If Smith's maxim is vague, what shall we call this? Smith's proposition is definite; it is that benefit is in proportion to income, and that, consequently, income measures the obligation to pay taxes. On Mr. Well's theory, taxation should be according to the benefit derived, but there is nothing given, definite or indefinite, by which to measure the benefit. Smith's rule has exceptions; Well's rule avoids exceptions by being so vague as to be without definite meaning for practical purposes. What guide would such a rule afford to legislators? That the public revenue ought to be measured by what the people ought

to give, every law-maker already knows. The further qualification that taxpayers ought to give according to benefits received, still leaves the subject in obscurity, for the difficulty from the first was to measure the benefits in order to know how to make assessments. The problem is, how shall benefits be measured? and once measured, how shall the taxes be adjusted to them? In levying taxes, we have to be definite, no matter what the theory; and whatever the wisdom and honesty called into requisition, there will no doubt be, as exceptions, some instances of injustice and hardship. The difficulties of taxation illustrate the principle, elsewhere insisted on, that evil lurks in the wisest administration of affairs. As McCulloch observes, "It may be stated of taxes as of poems :

'Whoe'er expects a faultless tax to see,
Expects what neither is, nor was, nor e'er shall be.'"

But this affords no excuse for carelessness or dishonesty in framing tax laws; it does afford, however, a reason why this subject should be studied far more than it is by legislators and the people. The very power of taxation with its intricacies as an economical force, proves it to be a dangerous tool for the ignorant, careless, or unscrupulous to handle.

22. THE EASE OF COLLECTION.—According to another rule for taxation, that tax is best which is most easily assessed and collected. This is by no means consistent with the first rule, that the best tax is that which takes from each according to the revenue he enjoys under the protection of the State. The higher form of justice appears to be that which apportions the burdens of the State (the cost of administering the conjoint estate) according to the protection afforded to individuals in their control of property within the State (that is, according to their respective interests in the estate); but if this kind of tax is too difficult of assessment and collection, we have to resort to some other principle in which the element of justice is not a primary one. We must yield to the refractory character of human nature; and my thesis is sustained that it is impossible to avoid all evil in the administration of affairs. It would

not, therefore, be expected of me to deny the difficulty. I fully appreciate it, but I fear it has been used somewhat to favor the strong and oppress the weak in the collection of public revenues. It is not a long step from the maxim that the tax most easily levied and collected is the best, to that which assumes that the best tax is the one which meets with the least active resistance from taxpayers. It is to be feared that this modification of the maxim is the form it takes in practice. The masses do not resist; they submit, with a growl, perhaps, but an ineffectual growl, which is charitably credited to the nature of the animal. The masses are unorganized, they cannot act in concert by their own direction, they cannot help themselves. It is very different with the wealthy taxpayers. Here every individual is a power of himself. Not only so, but he is on the lookout for all possible advantages, and when the taxes do not suit him, he makes opposition that is felt by the taxing power. When a few such individuals combine, as they are sure to do, they have vast resources at command to carry their ends. Their influence in the caucus, in the convention, in the party papers, on the stump, is an influence, however well the source of it may be hidden, that is not to be trifled with. A public sentiment is thus fashioned which legislators must not disregard. The tax that is made difficult to assess and collect, by strong opposition becomes the objectionable tax, wherefore no careful statesman will insist on it, and a little more is put upon the classes that do not resist. Hence, we come, in the end, to the old king's theory that the best system is that which secures the largest quantity of feathers, with the least remonstrance, from the goose.

But this is not justice, and we do not like to settle down in the conviction that there is nothing practically better than this, and yet it is to be feared that even in this enlightened day, as well as in the olden time, it largely determines the methods of taxation. McCulloch, whose influence is still felt, actually says that "the distinguishing characteristic of the best tax, is not that it is most nearly proportioned to the means of

individuals, but that it is easily assessed and collected, and is, at the same time, most conducive, all things considered, to the public interests." That is, the tax which meets with least resistance from the strong classes in society, and is, therefore, most easily assessed and collected, is the best tax; and since the taxing power is subject to this fatal limitation, taxes should be so assessed and collected as to be as conducive as possible, under said limitation, to the public interests. Under the composition of forces in society, this seems to be the particular direction which the moving body has taken. But, with more enlightenment of the great body of the people who are taxed, there would be a change in the relative strength of the influencing forces, and the moving body affected would take a different direction.

According to some of our authoritative economical philosophy, there is no occasion, either in policy or justice, to attempt relief to any class in society, however feeble, in distributing the burdens of taxation. McCulloch argues that a little additional burden imposed on the masses of the poorer people stimulates them to greater industry and economy; but that an additional burden imposed on the successful men of business is discouraging, and depresses business. That is, the fact of additional burdens has precisely opposite effects, according as it touches the rich or the poor, benefiting the poor and society, but injuring the rich and society. He then goes so far as to state, as a theoretical truth, that if any are favored in taxation, it should be the enterprising people who are making the money, or whose progenitors acquired wealth, because "riches are, in ninety-nine out of every hundred instances, the result of superior industry, enterprise and frugality; of the exercise, in short, of the peculiar virtues which all wise governments endeavor to diffuse and encourage." But McCulloch's great reason for taxing commodities, even necessities, thus weighting the economically weak as heavily as the economically strong, is that there is really nothing else possible to do. Any attempt to levy and collect taxes on property or income

must necessarily fail, therefore, taxes on expenditure are simply inevitable like storms and earthquakes. Evils may, indeed, attend; but that the poor will have to struggle and stint a little more is not one of them. The great result of such a system of taxation is that it increases the aggregate of wealth by adding to the accumulations of those who are already wealthy. Now, while it is evident that taxes cannot be made entirely equitable, it does not follow that there is any reason in this for making them about as unjust as possible. The idea that the rich man who escapes taxation may add indirectly by his accumulations to the success of industry and thereby condone the apparent wrong, would justify all that class of legislation which discriminates in favor of "financial freebooters," such as some of our suddenly made millionaires are generally held to be. On such a principle we might go on and reestablish the kind of taxation France had before the Revolution. It would justify the legal building-up of monopolies at the expense of the great mass of producers and consumers. A levy of taxes which takes as great a sum from a poor as from a rich family is the extension of a legal privilege to the rich family, and helps to cast down the poor still lower in the social scale. Protest indeed against the government meddling with the "natural distribution of wealth," as an answer to a claim for the needy, whenever a claim is made for the needy! And yet, some of these very same people who are so fearful of disturbing the natural course of things, approve of laws which make it more difficult for those who have not, to get, but which help those who already have, to get more. It is true that our type of this class of economists, McCulloch, in speaking of taxes which bear heavily on the poor, says, "they should be resorted to with much caution, and be confined within reasonable limits"; and yet we can hardly see how the precaution is to have any practical use, when he insists that taxes on commodities and necessities are the best, that a tax on property is worse than a tax on income, and that England's income tax should be forthwith repealed, resting as

it does on the "most unsound and dangerous principles," and its existence being "the greatest blot on our economical policy."

We find something like this in still-later teachers. In treating of the income tax, Mr. Wells insists on the injustice of any exemption at all. He contends that those at the bottom of the scale should scorn to accept of exemptions, just as if there were perfect fairness of competition in the prevailing economical conditions, and as if the present distribution of wealth were god-ordained and right-sustained. What a pity those at the top of the scale had not such a fine sense of honor as to scorn profitable franchises which levy contributions on the many for the benefit of the few! But would not an exemption of, say \$500 out of all incomes, secure compensation to those with taxable income, by a sort of diffusion on Mr. Wells' principles? If it helped a person of small means to rise above the line of exemption, he would then help to pay the taxes. If, without exemption, he had been pressed below the line of self-support, the taxpayers would have to help him live, and would thus lose as much as they would gain by the little tax squeezed out of him. But, any way, it is hardly for Mr. Wells to press such a point, for if, as he formulates it (Sec. 4), all taxes fall on consumption in the end, why object to the exemption of the poor man's income, since he would pay his share of taxes according to consumption, whether his paltry income were taxed or not?

23. OVERTAXING THE RICH.—The solicitude shown by certain able economists and influential politicians lest the rich be taxed too much, takes it for granted that the present distribution of wealth involves some economical disability, active or latent, of the moneyed classes. It regards large individual possessions as falling below rather than rising above what they should be under a fair distribution. It assumes that great wealth is to be found only where it stands the emphatic and unimpeachable reward of honest business enterprise. But is this so? I will say nothing of the economical advantage which a large capital necessarily gives. I will say nothing

of the abuse of economical power which this possession of wealth puts into the hands of unscrupulous men. I have only in view the influence of class legislation on the distribution of wealth. Since the beginning of government, the laws have been made by the strong in the interest of the strong. They have placed franchises in the hands of the few and built up monopolies whereby the inequalities of distribution have been made greater than before. Tax laws have been made to shield the rich and well-born, while they imposed additional burdens on the masses of the unresisting people. And even when the tax laws have not been in the most objectionable form, the strong have been able, by means of various devices not within the reach of the commonalty, to break through the statutes, and escape the payment of just taxes. And yet some of our economists are concerned lest the rich be taxed too much. McCulloch appears to have been in mortal dread of such a result. Mr. Worthington C. Ford, in an article in *Lalor's Cyclopædia*, after having spoken highly of the income tax on theoretical grounds, goes on to say that "in a country with democratic institutions there is danger that the income tax, when levied as in England at the present time, may be used by the poorer classes as a means of oppressing the richer classes on whom the tax falls, and this tendency has been noted in England by Prof. Faucett, and in this country by Mr. D. A. Wells."

We admit the strength of this "tendency"—in theory, but nowhere else. It might get into practice if the masses did their own voting, but unfortunately they are voted by the political bosses. Possibly the bias of demagoguery or that of over-sympathy with the poor may sometimes go too far in one direction as the aristocratic bias goes in the other. A tax or the remission of a tax which promises to relieve or flatter the masses may sometimes be authorized, as when the duty was taken from tea and coffee in this country, a measure which served the double purpose of pleasing "protectionists" as well as housekeepers. One of the pretexts for taxing foreign ar-

ticles which compete with our own is that such taxes help labor, and so please the laboring people who are usually too ill informed to detect the fallacy. None the less are protecting taxes monopoly taxes adverse to the general interests. So that even when demagoguery or popular sympathy attempts to benefit the many by discrimination in taxes, it is pretty sure to fail, while the opposite bias is very much more likely to compass its ends. England taxes tea, coffee, and other commodities which the people use; but, on the other hand, she taxes incomes; for, though McCulloch was so fierce to have this tax repealed, Sir Robert Peel and others thought differently, and the tax has been retained, be it said to the credit of England's statesmanship. Prof. Perry states that "the English have found their income tax to be for more than thirty years the most uniform, unfailing, expansive, and responsive to control of all their fiscal expedients." (Political Economy, 587.) In the United States, commodities and manufactured articles which the people use are largely taxed, and smaller properties are frequently made to pay double tax; while we have no income tax at all, and the opposition to it in some quarters appears to be almost malignant. Certainly, if there is a "tendency" to oppress the rich with burdens of taxation here and in England, it has made little mark in a practical way. It is in all probability true, however, that the inequalities of fortune assisted by acts of government and business combinations together with the plutocratic bias which insinuates itself into economical teachings and molds public sentiment, have led to counter-agitation, and even to the adoption of extreme views in the contrary direction. Possibly this may threaten to "oppress the rich," but it has not yet done so.

24. EQUALITY OF SACRIFICE FOR STATE SUPPORT.—This doctrine discards the idea that the State does a certain service for the citizens to which they should respond according to means or benefits. So to respond would, in a general way, justify a simple income tax; but the advocates of equality of sacrifice for State support go further and demand a progres-

sive or graduated income tax. They take the view that the burden of taxation is a sacrifice which it is the duty of all to bear for the general welfare of the whole, and that "equality of taxation is to be established by so adjusting the taxes that they will require an equal sacrifice of all. This is to be accomplished by a system of progressive taxation, i. e., one in which the rate increases with the income. For it is evident that the day laborer who barely earns enough to sustain his family, we will say \$400 a year, must make a greater sacrifice to pay three per cent tax, than a capitalist whose income is \$10,000 a year ; i. e. that \$12 is more for the former than \$300 for the latter." (E. J. James after Adolph Wagner, *Cyclopædia of Political Science*.)

This view of taxation has the support of thinking men, and there is so much in its favor as a theory, that it has made some progress as an element of political agitation. In our own country it has made its way into the platforms of party organizations which aim to promote the interests of the many against the privileges of the few. That the doctrine is abhorrent to the old school and to that popular sentiment which has been engendered under the dictation of controlling interests, is not surprising. What threatens with justice, if it be only theoretical justice, or what threatens only a change, is sometimes very repugnant to parties that may be affected thereby. What unsettles a political habit, even in the interest of the right, may seem to certain interests and biases as really dangerous. Let us see what there is in this theory of taxation that threatens to "oppress the rich."

The system may be summarized in this way : Society is a common good to be maintained at a certain expense. The enjoyments of individuals in the several classes of society may not be proportional to the property or income of each under the protection of the State. In some cases, at least, the poor man, or man of moderate wealth, with his family, may enjoy life as thoroughly as the rich man with his family ; and so far as this takes place under protection by the State, it is

hardly possible for the man of moderate means to afford to the State a proper return in money for its services to him. Then, it becomes necessary to find some other theory of taxation for the support of the State. As wealth is not the measure of enjoyment, and since people in the different strata of society find not very unequal measures of enjoyment under the protection of the State, then the theory assumes that all ought to contribute to the support of the State in such way that one shall not be made to feel the burden of taxation more than another. The rich man would really feel the burden less at a large percentage of his income than the poor man would feel it at a small percentage of his. The rich man would have no grounds for complaint, for while his chances for the conditions of a full, rounded life under State protection, are even better than those of the poor man, he makes no more sacrifice under progressive taxation for State support than the poor man does.

All this is plausible enough; but on the other hand, we have to take into account the resistance which the rich would be able to make to any such an arrangement. Suppose, however, that the resistance can be overcome, and the taxes properly collected, there is still the objection that the general aggregate of savings would then be less than before. The people who may be relieved under this scheme of taxation, would have more to use, and they would use more on the comforts and enjoyments of life. This would be a proper thing, if it could be maintained. But could it be maintained? There would be a smaller surplus for new enterprises, and business would not be so brisk; there would be a comparative falling off in the aggregate of production, and by and by the very people who had profited at first by the change, might find themselves no better off than under the existing system. Taking people as they are, something like this would probably come about. It is true, there might be an unexpected good in any arrangement which should give to a large portion of the people greater power of consumption. We might not then hear of "over-production" so often as we now do. Production and

consumption might sustain a more uniform equality with each other than when the increase of capital is so great, and the sum at command of consumers so small as at present. But we fear that the relief afforded by a system of progressive taxation, admitting it to be just, would have no great results in this direction, even temporarily. This brings us square up to the question. Would any system establishing greater justice in the administration of affairs and in the distribution of wealth, afford any considerable permanent relief?

Since we know so little in complicated affairs of the necessary means to ends, we should aim as a rule to establish justice as fully as possible, and let the results take care of themselves. One of the first things necessary to the elevation of the masses is that they shall feel a greater security in life than is their lot now. To stint and starve during seasons of business depression, or even to have to fall back on the little reserves in savings banks, is not the kind of experience that fosters the better elements of human nature. Still, without some appreciation of the more just conditions, there could be little permanent good in the results. The beneficiaries (of justice we are speaking) must not devour and trample under foot like cattle and swine. They must understand something of the principles of thrift, and adopt them into their lives. They must save for themselves, and help to strengthen, each in his small way, the reserves of capital. If the masses are for the most part vessels that do not hold, and the good things entrusted to them fall through and perish, these good things are wasted. What would be the practical use then of greater justice in taxation or anything else? There would still be the moral leaven of the principle, and just so far as there is intelligence to profit by any equitable readjustment, that readjustment will prove to be useful. Then intelligence and the character which is pretty sure to rise with intelligence are the master conditions, without which all the schemes for the betterment of the masses must fail. Socialism, communism, nihilism, progressive taxation, the confiscation of rent, the tax proportioned to the death rate, and all

such schemes are but dreams, whatever else they may be, just so far as they lose sight of the need of concurrent education. There must be a cultivation of the taste, or the fruit that is offered may turn to bitterness in the eating. There is a little leaven of the needed culture already, but there is urgent need that this be greatly stimulated and extended. We are not to be over-sanguine here of great results; but the first thing to be done is to get definite ideas of what the need really is. Until there is a better general understanding of this subject, the best cannot be had, and we must endeavor to secure simply the best within reach, and this is to be had, no doubt, by keeping near to the beaten track, and making such modifications as appear to be safe and practicable.

I have made this statement on taxation, not so much to complain of inequalities or to suggest remedies, as to call attention to the fundamental fact, that the bias which sustains prevailing inequalities of taxation, and is the outgrowth of powerful interests, can exist as a controlling agency in government, only because of the great heedlessness and indifference among the people toward taxation in particular and economical subjects in general.

25. DIVERSITY IN TAXATION.—In order to get the last word on economical subjects before revising these pages, I procured several works quite recently from the press. One of these designed for grammar schools explicitly teaches the diffusion theory of taxes, apparently to deter workingmen of the cities from voting too liberally for expenditure. The authors might better have shown what is nowhere shown in this elementary book, that profitless and extravagant expenditure actually in the end detracts from the power of giving employment to labor. One of the volumes, a citizens' manual, states that the best tax is one that taxes land alone. Another, like Mr. Henry George, wants land to pay all the taxes. This class of writers, of course, assume the certainty of diffusion, or of something equivalent in the interaction of the economical forces, unless, indeed, they are willing to help on the extinc-

tion of the middle class of yeomen. Another writer follows Mr. George in general views, but he has a different panacea—a tax of two per cent per annum on all assets. One of our authors affirms with oracular confidence that it is discouraging to tax accumulations, but he is equally confident that such a tax (on assets) is just what is wanted to secure justice and make business prosperous. It is so easy to see what one wants to see; and then when the doctors so confidently contradict one another, we must be allowed a margin of scepticism, when they enter the field of prophecy and tell us what wonderful things will happen on the adoption of this plan or that. Those radical reformers who want a great revenue to expend for the good of the people, wholly ignore the conservative view that a great revenue is dangerous, and that when the expenditure of the surplus is going on, human nature is such that multiplied abuses creep in to debauch government and people. There is so much reason for this view of the case, we have a right to expect some effort to be made to set it aside. This is especially incumbent on the author of *Man's Birthright*, since the difficulty affects the very heart of his scheme.

Owing to the refractory elements in the problem of taxation and to the unequal intelligence and power of different classes in society, no simple form of taxation would have equitable results. To raise all revenue by taxes on income, on consumption, on property, or on land alone, might not have so good a result as taxation on all of them. I am aware how bungling and crude this view must seem to those who have perfect systems to recommend. There is no good reason why income should not be taxed at all; the practical difficulties usually urged being that the rich would resist, and that gentlemanly scoundrels would evade such a tax. Without care it might also duplicate, and in cases in which the wealthy man's property consists largely of articles of luxury which he enjoys, he would escape his proper share of taxes, unless some other element than income were included in the levy. Any exemp-

tion made should be taken from all incomes. In the taxation of property, duplication should be avoided. The present method of taxing an article of property, and then the notes for which it is mortgaged, is crude and often cruelly unjust. The man who aspires to provide a home for himself and family on the soil, and goes in debt for a part of it, ought surely to have exemption on his indebtedness. To tax him on what he owes is one of the worst forms of tax on enterprise, and every season of "hard times" thousands of such lose their homes by foreclosure. Unfortunately this kind of enterprise is not that kind which is most favored by the taxing powers. It is the grasping, greedy enterprise that gets the admiration and sympathy that tell in the shape of exemptions. The poor man may be taxed on land he owes for; but the rich man who is transforming independent ownership into subservient tenancy is not subjected to this injustice. He may give the necessary attention to assessment, and manipulate for under-valuation. Instead of this, however, he should be made to pay a progressive tax on all his lands above a homestead, as a most just measure for the protection of society against the threatening growth of landlordism. And justice commands that the transfer of large estates to heirs should be taxed.

A tax on raw products and then another tax on the articles made of them, to increase the prices of home productions, are double and contradictory taxes, intended mainly to benefit certain classes at the common expense. They are essentially a product of class legislation, and, but for a wide-spread delusion that has been fostered by special interests, such taxes would not long be endured. The taxing of luxuries, such as tobacco, liquors, and tinsels of vanity, is no doubt proper economically and ethically. In taxing expenditure, one would suppose that a discrimination should be made in favor of the necessities of life. Luxurious consumption can afford to pay rather than necessary consumption. In all cases moderate taxation is more available than excessive taxation. If the poor are over-taxed, the source of the fund is dried up; if the rich are

over-taxed, they leave nothing undone to elude its payment. Hence, taxes on income, on luxuries, on whatever is taxed, should be moderate ; and diversity in taxation makes moderation possible.

I am perfectly conscious of the feeling with which the diffusion theorists would regard most I have said on the subject of taxation. But while believing that, under some circumstances, taxes may be shifted, I greatly prefer, as a guide, the instincts of long-headed, practical men to the absolute economics of doctrinaires.

CHAPTER IV.

MONEY.

26. **PRESENT AND ULTIMATE RESULTS.**—Wrong taxation is sufficiently insidious in its action to effect an unjust distribution of wealth ; even more insidious to the same end are the manipulations of money in the interest of powerful classes. Here, as elsewhere, class interests appear ; and here, as elsewhere, the battle is usually to the strong. Formerly, it was governments that manipulated the currency to get a financial advantage in no way so easily obtained as by indirection. The currency manipulators in the interest of class have still largely to depend on the government for privileges and protection.

There is almost always a great difference between an immediate and a remote interest. An immediate good may turn out to be a remote evil ; an apparent immediate evil may be necessary to a remote and general good. Without the restraint of impulses, which is often attended with temporary pain, far greater pain would ensue. For want of making the distinction between an immediate, temporary, and class advantage, on the one hand, and a more remote, permanent, and general

advantage, on the other, there is a great deal of mental confusion on social and economical subjects. It is the interest of society that money shall be as nearly as possible unchangeable in value; but it is the immediate interest of creditors that money shall increase in value, and the like interest of debtors that it should decrease in value. Do not tell me that mankind are above the influence of such interests! On the contrary, these are the very interests that usually govern the actions of men, when unrestrained by a superior force. What can a man do with more than a million dollars to make himself and family happy and comfortable in life? It is the real interest of himself and family that his possessions shall not rise above a million (the reader will see that we are liberal); and yet, when he gets a million, he becomes far more desperate to accumulate more than when he had only a hundred thousand. It becomes now the exercise of a tremendous power, the pleasure of which he will not forego. He can adopt no surer way of destroying his family in the end than by piling up millions; but it is his immediate and personal interest, as he feels and sees, to get as much as he can, and cling as tenaciously as possible to all he gets. The more he leaves behind, the worse and surer the luxurious debauch of his children; but he wants the name and consequence of great wealth, and what cares he for the third or fourth generation of vanity-puffed, pleasure-exhausted descendants who shall degenerate into mental and physical sterility, and in whose early death his very name will be blotted out from among the living!

Combinations of men, as well as individuals, are liable to pursue immediate interests, regardless of remote consequences. Our ancestors did this when they brought slaves from Africa. They deemed it a present boon to secure laborers in this way; but slavery reacted upon the masters in many ways for evil, and accumulated a mass of political discords which could only be quelled in suffering and blood. It may seem very fine now to allow home and foreign syndicates to get possession of immense tracts of American lands, but this mistaken policy

will eventually react against the highest interests of the people to their sorrow. What may seem to be a present good may turn out to be a future curse, whether individuals, combinations of individuals, or nations be the wrong-doers. I do not believe that it is to the permanent and general interests of any nation or section, to force the business of the civilized world down to monometallism on a diminishing aggregate of gold, but the *London Economist* is quoted as saying: "Nearly every nation on the face of the earth is indebted to us, and the result of an appreciation of gold is that we obtain a larger quantity of their commodities in settlement of our claims." A former governor of the Bank of England thinks it is not to be expected that England as a creditor nation will throw away the advantage of measuring values by a metal that is constantly growing scarcer and dearer. That the ruling classes in England are not above selfish considerations of this character is shown by the persistence of their opposition to international bi-metallism.

There is no selfish conflict of interests in regard to ultimate and permanent results; it is in the exclusive and present interests of classes that there is conflict everywhere.

27. INFLUENCE OF CHANGEABLE VALUES IN MONEY.—This conflict of interests in regard to money involves a number of considerations which it is worth our while to pass briefly under review. The most important of these considerations has reference to the value of money. It matters little, however, what may be the absolute quantity or absolute value of money, but it does matter a great deal whether that value shall be constant or fluctuating. Honesty requires that it shall be as constant as possible; dishonesty requires that it shall change. Financial sharpers find their account in the fluctuation of the standard which determines business values. Creditors are made richer without wisdom or effort on their part by the constant appreciation in the value of money; debtors have the like advantage from the depreciation of the money unit. The process of appreciation or depreciation is an insidious

element in business, which affects an unjust redistribution of wealth by stealing from one class and giving to another.

Such considerations bear on the issue between monometallism and bi-metallism. If the change which is going on from bi-metallism to monometallism is giving greater value to money, why then, it is taking spoil from debtors and putting it into the possession of creditors. If the continued use of both gold and silver as money should make money cheaper, then would the advantage be on the side of debtors. Owing to the great productiveness of gold and silver mines some years ago, the value of these metals declined, and this suggested to the money-owing classes that their interests required that one of the metals should be discarded for money purposes. Then began a movement which has achieved a good deal in this direction, and which, though conditions have greatly changed, is still pushed with desperate determination.

But the aggregate sum of the money metals is not the only element that determines their value. Not alone did the productiveness of the mines lead to the cheapening of money; a movement which contributed to the same result, was the constantly increasing devices of credit. These enabled men to dispense with certain uses of money, thereby rendering it of less value than it would otherwise have been. Increasing facilities for transit, and the more rapid circulation of money, have had the same effect as an increase in the quantity of money. For these reasons a highly civilized community requires less money in proportion to its business transactions than does a less civilized country. But as an offset to the increasing devices of credit and rapidity of circulation under high civilization, there is a constant increase in the number and volume of business transactions, owing to the increase of population and a corresponding increase in consumption. If the devices of credit reduce the demand for money, the greater diversity and amount of business increase the demand. We cannot, of course, definitely weigh one of these terms against the other to ascertain which is the greater factor in the prob-

lem; and if we could, there would be constant disturbance in the result, owing to the fact that, while the devices of credit admit of perhaps little further improvement, the increase of business is still rapidly going on. In view of these considerations, it is probable that as much money—if not more—is now required for business transactions as ever before. If this be so, then the success of the monometallic movement would rob certain classes in community for the benefit of other classes. Monometallism, in discarding one of the metals except as subsidiary coin, is steadily increasing the value of money to the advantage of credit-and-money-owners, and to the disadvantage of others. The mines are adding nothing at present to the stock of gold for money purposes. Its consumption, as well as that of silver, in the arts and manufactures, is very great and rapidly increasing. It is now three times as great as it was twenty years ago, four times as great as it was thirty years ago. On the other hand, the production of gold is steadily falling off. From 1856 to 1860, the annual production of gold was 137 millions; in 1879, 107 millions; in 1883, 94 millions. It is estimated that the annual consumption of gold in the arts has already caught up with the annual production. While the annual production of the mines is steadily falling off, the annual consumption in the arts is steadily increasing; so it is to be expected that in a short time, taking the last twenty years as our guide, the consumption of gold will be greater every year than its production. This, together with the wear and loss of coin, will draw upon the present stock of money-gold, and draw upon it largely; and yet, in the face of these facts, known to all who have given the subject study, we have classes in community who want gold alone to be the measure or denominator of values.

If this movement were to be carried out, how would it operate on the interests of the various classes in society? In the first place, it would increase the relative wealth of certain classes, and diminish the relative wealth of other classes, with no corresponding merit in the one class, or demerit in the

other. All whose property consists in credits and moneys, all whose incomes are fixed annuities and government salaries, and salaries not readily adjusted to the changed conditions,—all these would gain directly by the general adoption of gold monometallism. What they gain others would lose. All prices would fall, all property would be bought and sold at lower figures; and all who own such property, all producers, would have to do with less than before. All indebtedness would be increased. Enterprising business men who had borrowed a part of the capital they used, would be crippled. The farmer still having payments to make on his home, would be weighted. The same number of dollars having in all cases to be paid, and those dollars having increased in value, the debtor would have to pay more; and the creditor would receive more value than he loaned or sold. And yet we have classes in society that are laboring in season and out of season to establish monometallism.

But this form of the insidious and unjust redistribution of wealth is not all we have to look out for. Our monometallists are quite concerned for the poor laboring men. They say, if we get too much silver—and we are always right on the eve of getting too much—prices will go up, and wages will not buy as much, greatly to the disadvantage of laborers. Usually, however, pretty soon after prices go up, wages rise, and laborers are quite sure to have all the work they can do. A good deal of unnecessary alarm is shown about the high prices work-people may have to pay. One would suppose that a little of this alarm might be reserved for the contingency of loss of employment and lower wages under the crushing operation of constantly increasing scarcity and dearness of the gold dollar. But this is precisely the side of the shield that our Argus-eyed monometallists never see.

Under advancing monometallism, if the movement cannot be arrested, money must become constantly dearer and prices constantly lower;—with what results? With a steady discouragement to business. When prices are falling, business is always

dull. Buyers hold off, and the competition of unsuccessful sellers sinks prices even lower than would be indicated by the reduced volume of money. As purchases made on falling prices are always small and consumption economical, production has necessarily to be limited, and there is a constantly diminishing demand for labor. Workingmen are thrown out of employment, or have to work on reduced time or reduced wages, so that, even on falling prices, laborers are worse off than they were before. Under progressive gold monometallism, with the lessening supply of gold all consumed in the arts, with the wastage and loss in coin going steadily on, and the stock on hand absolutely diminishing, this depression of business is not merely a temporary thing; it must continue from year to year with the effect of casting down the great middle class relatively lower and lower, and sinking employés to the borders of beggary and slavery. Monometallists never discuss these permanent features of their system; they merely refer in a partial way to what can only be immediate and temporary results, relying, like advocates, on the safe mental inertia of those they mean to influence. I do not believe that monometallism in its ultimate and permanent effects would really benefit even the classes that are pushing it with such zeal. I do not believe that it is the interest of any class, however exalted in wealth, that the society of which they necessarily form a part, shall consist mainly of millions who are struggling for a bare living. I do not believe it is the interest of the "higher classes" that there shall be a great unoccupied gap between them and the "lower classes." I fear the increasing dearness of the gold dollar, because one of its obvious effects as a practical measure, is to hasten the tendencies of all high civilizations to multiply the needy classes at the expense of the great middle classes, and, so far as this goes, to deprive society of its best and steadiest elements.

Over against the extreme of contractionists, there is the other extreme of expansionists. These maintain that the more money a nation has, the more prosperous it will be. This

is an error. It is not the quantity of money to do business with that makes business prosperous or otherwise. The world could do business on one-tenth of the money it has ; if it had ten times as much as it has, business facilities would be no better than they now are. It is not the absolute value of money that tells on business ; it is changing to a less quantity or to a greater that depresses or stimulates business. A great contraction of the currency with a corresponding fall in prices depresses business greatly ; a slight contraction long-continued acts as a chronic agency of depression, and tells most heavily on the weakest members of society, preventing improvement in their condition, or making it even worse. On the other hand, a sudden expansion or depreciation which sends up prices, stimulates speculation. A slight increase of money long-continued has a moderately stimulating effect on business. Of course, these currency changes never act alone, but always with other factors which may act either with them or against them. The influences affecting business are very complicated, being largely psychological ; and, no doubt, whether money become steadily dearer or cheaper, we shall continue to have fluctuations in business, contraction, however, making them worse and more frequent. Nevertheless, the effects of continuous contraction or expansion (appreciation or depreciation) are essentially as here stated.

If there is any change in the volume of the world's money in relation to business, a slight increase seems to be the most desirable. It is true that it favors debtors and borrowers ; but borrowers, as some economists have noted, are usually enterprising people who do most for the expansion and diversification of civilized industries, or who have taken some risk to establish homes for themselves and families, and, if any should be favored, it would seem to be such. But perhaps the best condition is that of uniformity ; that is, an increase of money keeping even pace with the need for money in the transactions of business. While such uniformity cannot be maintained in a matter so far beyond definite control, it does not therefore

follow that it should not be kept in view as a condition to be approximated as nearly as possible. This is one of the duties of government, and one which it should never delegate to a selfish and irresponsible class. When Mr. J. Barr Robertson, a correspondent of the *London Economist*, replying to its editor, called attention to the evidence that within the last seven years, gold had increased in purchasing power while silver had not depreciated in such power within that time, the editor of the *Economist* coolly answered that it is not a function of government to maintain uniformity in the standard that measures prices, but only to guarantee the weight and fineness of its coinage. This was dodging the issue—he was bound not to look at the other side of the shield. Governments have the regulation of the currency, and England has helped make money dearer by discarding silver and selfishly refusing to take a single step toward its remonetization.

28. THE HONEST DOLLAR.—We have heard a great deal about “honest money,” an “honest dollar,” from those who want dear money and the privilege of issuing bank paper. They always assume that the gold dollar is the honest dollar, and if any other dollar passes for less, or has less bullion value in it, it is the “dishonest dollar.” The question is never entertained whether the dear dollar has gained in value; it is always assumed that the cheaper dollar has lost in value. Some professed bi-metallists, like Senator Sherman, for example, continually harp on the “fall of silver.” Some who are bound to look only at this side of the shield, affect great contempt for those who see the other side, and are liable indignantly to exclaim, “There is positively no limit to human stupidity and credulity in matters relating to finance.” None so sure as those who see under the concentrated light of self-interest!

Now, what is the fact in regard to the relative value of the gold and silver dollars for the last eight years? The production of gold has steadily fallen off, its consumption in the arts has steadily increased, its function as money has been

weighted by the demonetization of silver, and prices have steadily declined ; these facts conspire to show that the value of the gold dollar has increased. How much, it would be difficult to say. I will quote J. Barr Robertson, in the *Economist*, February 23d, 1884 : "Mr. Goschen's select Committee, all of them gold standard men, produced a large volume, in which they satisfied themselves that they had shown the causes of the "depreciation of silver," but the Indian Government immediately produced incontrovertible evidence to prove that silver had not depreciated in purchasing power, and last spring Mr. Goschen gave a long and able address at the Institute of Bankers, to show what the bi-metallists had abundantly shown for the previous seven years, namely, that the disturbance in the gold price of silver was chiefly due to the appreciation of gold ; so that Mr. Goschen, by no means a very courageous investigator, has come over to the bi-metallic view, that the monetary troubles of the past ten years have been mainly caused by the rise in the purchasing power of gold, while silver has remained comparatively stationary in purchasing power, and has therefore been during that time far more completely a standard of value than gold." Later, Dr. Giffen, the statistician, has come to the support of the same view.

The prevailing opinion is that silver has depreciated because it has been demonetized ; but this very act of demonetization of silver has caused a greater demand for gold and raised its value. Mr. W. Westgrath says, in the *Economist*, "As gold has been (in the United States especially) so largely substituted for paper as well as for silver, I agree with your correspondent (Robertson) that the result has been decidedly more an appreciation of gold than a depreciation of silver, and that the effects upon our trade, and, I may add, upon the incidence of our public debt, have thus far been very serious indeed." In speaking of the efforts to get silver out of the way, Mr. H. R. Grenfell, ex-Governor of the Bank of England, says : "By these processes the States of England, Germany, and France have created an artificial demand for gold, which has upset all

prices, enhanced the property of all creditors, and diminished the means of all debtors." (The Economist, March 1st, 1884.) Now, what is there to show that, since 1877, the divergence in the bullion values of gold and silver has been wholly due or mainly due to the depreciation of silver? I am somewhat conversant with current references to this subject, and I know of nothing except the eternal reiteration, "the fall of silver," "the dishonest silver dollar," and "the danger of getting down to the debased silver standard."

If the bullion in the silver dollar will buy as much now as it would in 1877-1880, while the gold dollar will buy more, which is the more honest dollar? Or, even if silver has depreciated as much as gold has appreciated to make the difference that has taken place between them within the last few years, and the silver dollar is, therefore, dishonest, is not the gold dollar equally dishonest? Herein appears the assumption of those who are shouting so lustily about the dishonest dollar. The trouble with this business is that the creditor class, the money owners, and the fixed-income class, are the people whose views are mostly voiced in our great journals, and it is the bias of these classes to regard the dear dollar constantly growing dearer, as the truly honest dollar, simply because it is growing heavier in their pockets. A few years ago an eastern journal had a heavy editorial to prove how much more honest the people are in the East than in the West, in this country. We cannot justly censure classes for seeing to their own interests; they have done so from the beginning, but none the less is it the duty of the great body of the people whose real interests are thus threatened, to organize for the encouragement of a higher sort of "honesty" than that which has been so fulsome of late in its own praise. I have no doubt that there are editors South and West as well as East who reiterate the catch phrases of the monometallists without having given any careful attention to the real points at issue. Gold appears to be fixed in value and central in importance, as the earth appears to be fixed in the centre of the heavens; and, giving

the matter no careful thought, they are altogether sincere in assuming that the gold standard is uniform and silver fluctuating; and they join in the chorus, "the dishonest silver dollar!" With them it is as if the earth stood still and the heavens moved.

29. AN ECONOMICAL BULL.—Extremists are apt to be confident and dogmatic. Fiatists often show contempt for the idea that money should have intrinsic value. The monometallists have little patience with people who have the "silver craze." The one set appears to be rather blind, the other biased and bigoted. The fiatists will not give us any particular trouble, probably; the goldites may. With all their assumption of infallible knowledge of the subject, the single standard people sometimes venture too much. For the last seven or eight years, they have been making use of an economical bull whose absurdity ought fully to offset the weight of their oracular method of putting things. They have vigorously asserted that the continued coinage of silver would soon cause a premium on gold and drive it out of circulation. The New York Chamber of Commerce has been greatly exercised on this subject. The monometallist journals have been reiterating from week to week the same lugubrious vaticination. When certain congressmen requested President-elect Cleveland not to commit himself on the silver question in his inaugural address, he forthwith did commit himself in advance in an open letter to these same congressmen, and repeated this economical bull in the orthodox and approved form. Speaking of the results of continued coinage, he said: "Gold would be withdrawn to its hoarding places, and an unprecedented contraction in the actual volume of our currency would speedily take place. Saddest of all, in every workshop, mill, factory, store, and on every railroad and farm, the wages of labor, already depressed, would suffer still further depression by a scaling down of the purchasing power of every so-called dollar paid into the hand of toil." This is earnest and pathetic. Here are clearly delineated the two horns of what I have called

an economical bull. But it is really worse than this; it is a veritable "Irish bull." It asserts, first, that there will be a great contraction of the currency, and that, secondly, upon this contraction will follow an inflation of prices on fixed wages. Now, I have read a great many authors on political economy, and I do not recollect of one that regards rising prices of commodities as a phenomenon which follows a great contraction in the volume of the currency. They all teach, and all experience proves that, so far as the volume of the currency affects prices, its contraction always lowers them. If the great contraction takes place which the Chambers of Commerce and the gold-stricken editors and statesmen warn us of, rest assured that prices will go down and not up. Money is like anything else that is limited in quantity, its value increases with the demand for it. When there is great contraction of the currency and the annual addition by coinage and paper limited, every dollar has more to do than before, and every dollar rises in value with a corresponding fall in the prices of commodities. If there are any elementary principles in economics which all authorities on the subject accept, this is among them. But here are great American financiers taking it for granted that prices would inflate on a fearful contraction in the volume of our currency! I might rest the matter here, but a few additional considerations may not be out of place.

30. THE CHRONIC FEAR OF A PREMIUM ON GOLD.—In the first place, the forebodings of the silver aversionists that silver coinage would soon drive gold out of circulation and out of the country, have not been justified by the result. Gold does not seem to have partaken of the antipathy of its particular friends toward silver. So far from being repelled by it, it seems to have felt itself really invited to come to our shores by millions upon millions to keep our silver dollars company, and never did plebeian and aristocrat mix better together. But still do the lugubrious prophets keep up the cry of alarm. Nothing will do but an immediate suspension of the coinage of silver. There is no premium yet on gold, indeed; and this is so be-

cause the currency managers cannot afford to maintain a premium. The great banks of the country have done what they could to disparage silver. They have openly violated the law which forbids discrimination against silver in clearing house transactions; and yet they have not been able to discredit it with the people. Gold has been exchanged for silver certificates to an amount almost equal to half our entire silver coinage. No progress has yet been made in lowering the currency value of silver, and unless the present management of the treasury department by a banker with a bankers' bias should coöperate more effectively with the bank movement against silver to discredit it and coerce Congress, than even past management has done, there is, perhaps, little immediate danger of the dreaded premium on gold. Our silver coinage may go on at its present rate to the very eve of the 20th century, before our supply of silver currency will be proportionally greater than that which France keeps constantly in circulation. Wherefore, then, this chronic state of alarm?

But suppose there should be a premium on gold within the next twelve months, would there be the great contraction we hear so much of? And what would be the effect on prices? The premium could not be maintained for a day except by a miracle in finance which will not be wrought. The enemies of silver say that as soon as the premium on gold appears, prices will rise. But such a rise of prices means either a great abundance of money and speculative operations, or money that is dishonored by the government that issues it, or a general scarcity of commodities. The last condition named is an impossible one. Our greenbacks are not increasing in quantity and our silver money which is increasing is receivable for all public dues. Silver has thus a very wide and enlarging field for use, affording employment for hundreds of millions of it. But our supposition is that under these circumstances a premium can be maintained on gold, and that it will "seek its hiding places." One gold organ states oracularly that one per cent premium on gold will send it out of circulation. Then,

of course, there would be contraction to the entire amount of gold in the country, say \$600,000,000. If gold thus becomes as completely dead to business transactions as if it were put back into the mines it came from, then is there contraction by this much, prices will fall, and the friends of gold will be abundantly gratified with cheap living for the poor laboring people ! Under so great a contraction, money would be scarce, prices low, consumers economical, the exportation of commodities would increase, and the money of the world would begin to flow toward us. But how could this be with the country full of hoarded gold ? It is absurd. No sooner had all the gold been hidden under such circumstances, than the increased demand for money would call it from its hiding places shorn of its premium ;—and that's precisely the reason why there is no premium on gold and why gold doesn't hide as affirmed. And whenever a writer asserts that there may be a slight premium on gold which will cause it all to become dead to the country as money, thereby causing a great contraction of the currency which will derange all business operations, he is guilty of a financial absurdity, even if he does not add that prices (of everything except labor) will inflate to the disadvantage of the sons of toil !

True, with the continued coinage of silver and no coöperation with us on a bi-metallic basis by other nations, the time would come when there would be a premium on gold. But this would not cause any fearful contraction of the currency. The premium could be maintained only when other forms of money are plentiful ; and then, with the premium on gold, there might be rising prices. But would this derange and prostrate business ? Some rise in prices might not be a bad thing. They have been going down for some fifteen years past, because gold which measures them has been going up ; and if they should move somewhat in the contrary direction, it would be only in the interest of business and greatly to the advantage of fair dealing between man and man. But why would not a small premium on gold cause contraction and fall

of prices? Because a small or nearly stationary premium of gold does not deprive it of its functions as money. It may still pass from hand to hand and do the work of money. It is only hoarded and lost to business as money when the premium is rising rapidly enough to make it profitable to lay away as an investment. In some form, gold must be gaining in value at a certain percentage per annum to warrant its withdrawal from use as money, and even then it may be used to buy property and pay debts with, the premium being added. It is true that under such circumstances the tendency would be for gold to flow from us, but there would be none of that suddenness we hear so much of. Even now, indeed at any time, gold circulates very little among the masses of business men. It is nearly all in the Treasury and the banks. Silver and silver certificates circulate a great deal more than gold, although the gold organs uniformly assure us that gold does circulate, and that silver will not circulate. The manifestations of alarm on this subject are altogether too demonstrative. When the premium on gold really appears with the prospect of permanence, then surely it will be time enough, even on the gold basis doctrine, to cease adding to the volume of silver money. Surely this would tie us down sufficiently near to the gold standard on diminishing gold and falling prices; and this ought to be enough in all conscience to satisfy the greed of the creditor class.

31. NATURAL SELECTION AND MONOMETALLISM.—Every one who has given this subject attention and has not a class interest to subserve, must admit that the permanent and continual contraction which general gold monometallism necessitates, would be unjust and calamitous to the last degree. Still, the commercial world has appeared to be drifting steadily into gold monometallism. An authoritative writer assures us that this takes place on the principle of "natural selection." There are two kinds of natural selection; the one comes by the prevalence of might; the other by the prevalence of fitness. In some cases the two kinds coalesce, but not in all. The survivors

may be the meanest and unfittest possible, as when a cowardly soldier survives by deserting his brave comrades. This kind of survival is too common in the human sphere. I know very well that in the wild woods the big bulls and the like have things pretty much their own way, and by selfish aggression subordinate the smaller and feebler competitors, whereby successive generations of these animals maintain, or may be increase, their vigor. These big fellows are also the fittest. But is this the regime under which it is the fatality of civilized man to live, the regime of brute force? Much, indeed, like this, is to be found in history. By natural selection under the play of physical and mental conflict, the strong and selfish have had things their own way, and directed government to the furtherance of their own class aims. But these have not always maintained their ground. A new principle came into vogue to dispute the supremacy of brute force, and to secure some degree of freedom for the people—in theory at least. Natural selection is becoming modified within the human domain toward rational and equitable selection, and is bringing about, under great difficulties, a very different state of things from that which formerly prevailed. May not something like this be possible in the financial field? A few strong classes, and the stronger because limited in numbers, devoted to financial legerdemain, now control, to a very great degree, the financial affairs of the world; and they control them in their own interests, whatever may be the effect on other interests. Thus comes about gold monometallism, characterized by Mr. Horace White in Lalor's *Cyclopædia of Political Science*, as a movement in accordance with and secured by the great law of natural selection. Natural Selection—unhappy maiden! At first defamed, now insulted!

If the people understood this subject better, and once organized for the maintenance of as great uniformity as possible in the denominator of values, natural selection would take a very different tack. There is no reason whatever but the immediate selfish interest of a class why gold alone should become the

money of account for the whole commercial world, or even for the leading commercial nations. Gold would not demonetize silver, if it had not powerful class interests behind it, pushing with all their might to get silver and its representative paper into the background. The banking interest is perhaps the most powerful in this country, that is engaged in this work. It has the means at hand, as much as any class, through official reports and press comments, to mold the public sentiment to its liking; and most bankers are gold monometallists, with, however, some honorable exceptions, and these among the higher order of bankers. The immediate interests of bankers as owners of money and credits, are promoted by having money rising in value; hence, the demonetization of silver would directly favor these interests. Again, there is still a profit, and in country places a large profit, in the issue of paper money for circulation; and the less silver and fewer silver certificates there are in the way, the larger their issues may be and the greater their profits. Hence, their opposition to silver and, especially, to silver certificates. The government (the people) now gets the profit on furnishing this money; but there is a greedy class that wants this profit, and hence the clamor. It is even pretended that the silver coinage is carried on by the government at the loss of every dollar that is not in circulation, and yet those people who so claim are opposed to payments in silver, and are even willing to exchange gold by the million for silver tokens, rather than that the government should pay out its silver to public creditors. By an illusion easy to explain, the hoarded silver in the treasury is a dead loss, while the hoarded gold is something like a clear gain!

Again, the narrower the metallic basis on which the paper circulation rests, and the more exclusively that circulation is under the control of a comparatively small class, the greater power has that class over the volume and value of the currency for the gambling advantages which grow out of currency fluctuations. Hence the opposition of a great and influential class

to silver, silver certificates, and United States notes as part of the circulating medium of the country.

32. WHO SHOULD MAKE THE PAPER MONEY.—The making and regulating of the paper money of the country is a very great power, a power which the government should never delegate to corporations. Banks issue paper money and regulate such issue, not for the public good, but to get the largest possible profits. We hear a great deal in the literature of banking about the elasticity of bank money, how it automatically accommodates itself to the wants of trade. When much money is wanted, much is to be had, and when it is not wanted, the circulation contracts. Ay, a very fine theory never yet reduced to practice. Banks are very free to expand circulation precisely when they should not—during a speculative mania,—but very careful to contract precisely when the public is in most need of their help—in times of depression. A large amount of credit always precedes periods of business distress. The corporate power of making credit money aggravates the disease of over-credit at a time when there is need of an antidote; and then, when the crisis comes, the banks withhold their aid from the very people who are most in need of it. They first encourage overtrading to make profit for themselves, and then when the panic strikes they withhold accommodations to save themselves; and thus they make the condition worse by helping business men to get into trouble, and then refusing to help them out of it. (Sec. 10.)

We should have commercial crises without banks of issue. Banks that do not issue paper money, and all money-lenders are, no doubt, free to accommodate in periods of general confidence, and very careful about accommodating under a general want of confidence: and to pretend that banks of issue are institutions which favor general interests under such circumstances, is to act under a bias that will not bear the light. Prof. Sumner, whose authority is good for such a fact, states, in his "American Currency" that, in 1818, under the auspices of the United States Bank and its branches, there was a golden



age of business. But the banks had overissued and had to contract. The United States Bank contracted \$6,000,000 in one year, and when it had succeeded in saving itself "it had ruined the community" (pp. 77-79). According to Amasa Walker, *Science of Wealth*, (pp. 158, 160, 167, 168, 208, 293), banks extend credits when safe and stimulate speculation; when panic comes, they annihilate a part of the currency just when it is most needed. Banks, like all creditors, must secure their own safety under the perils of credit, and they are not the beneficent institutions special pleaders would have us think. I have no fault to find with banks and money-lenders; there are laws which govern the conditions of profit and safety, and these laws it is their right and duty to observe. It is the power of making paper-money that is objectionable. The day is about past when there is need for the exercise of any such power. I believe it is a duty which the people owe to themselves, to put an end to this power, as a function of self-seeking corporations, whose interests are not by any means at one with the general interests of the people.

There is no use at present, perhaps, for more silver dollars than we have, but there is use for more silver certificates, and a considerable proportion of these should be of the denominations of one, two, and five dollars. In this way many millions of silver might be very readily got into circulation. The people are not afraid of a silver certificate that will buy as much as a gold piece of the same denomination. It is to be hoped that nothing will be done to hinder the utilization of silver as money. If there is a better way than the present system of coinage, let it be adopted. It is not possible for gold to act alone as the denominator of values throughout the civilized world without an arbitrary redistribution of wealth among classes, that cannot be consummated without fatal consequences. Let the gold monometallists restrain their greed, and take heed in time!

Some who have fought the "silver craze" most violently, wish the issue of silver money stopped with the avowed inten-

tion of reducing still further the bullion value of silver, in order to compel European nations to coöperate with us for the reëstablishment of bi-metallism. It is difficult to believe in the sincerity of this recommendation. Its aim, it is to be feared, is really to bring about as great a divergence as possible between the values of silver and gold, so as to get the former out of the way altogether. Stop the further use of silver as money or as the basis of money, and silver bullion will decline (apparently) in relative value still more, and the greater its apparent decline, the more triumphantly will its enemies point to the "dishonest" American dollar as something it would be meritorious to put wholly out of the way.

However, hardly any of us know in advance what the result would be of stopping the coinage of silver. As there is able advocacy of bi-metallism in England, and recent indications that Germany is growing tired of gold monometallism, possibly the further contraction of the world's money would have a beneficial effect in opening the eyes of many who are not yet convinced. Very often the good is to be had only through the increased pressure of suffering. It is to the continued depressing defects of appreciating gold and falling prices we are to look for relief by reaction, rather than to the mere fall of the bullion value of silver. A few more "turns of the screws," however, may lead to excited agitation which cannot always be wisely directed in this country, and instead of getting rid of silver, we may be precipitated into free coinage and the United States become a silver standard country. Monometallists, like the late slaveholders, in grasping after too much may lose what they have ;—such are sometimes the revenges of fate.

The heroic fiatist is ready to ask, why, if I do not believe in dear money, I do not advocate a credit currency which may be expanded according to need. We have credit money—our greenbacks, and very good money it is, and all the better, no doubt, because the quantity cannot at present be increased. As it stands, what is above the gold in store for its redemption, corresponds to the \$75,000,000 credit money issued by

the Bank of England, and proved by faithful service to be safe and useful currency. The danger lies in the temptation to increase the quantity of such money without sufficient warrant. If the popular judgment could always be relied on to resist the undue temptation, we might trust the power; but unfortunately this is a difficult subject, and only experts understand it, if indeed any do. Besides, a great many conditions interact to determine what amount of money is needed, while the conditions are constantly fluctuating, rendering it still more difficult to estimate their value at any particular time. Ricardo's plan for a National Bank is essentially that of a fiat money institution; and he thought that the power of issuing paper money might safely be invested in a commission. But all this is too difficult and remote as a practical thing, and we must choose what is apparently the best within reach. For contracts of long standing, the composite standard of values, whereby the worth of credits is determined by a comparison of the market prices of commodities, would no doubt afford the fairest possible measure of the fluctuating value of credits; and it is pronounced by competent persons to be perfectly feasible. On this plan, the debtor would pay the exact amount he borrowed. An arrangement of this sort would still "the battle of the standards." But owing to the force of habit, the indifference about justice of this kind, and the disposition to maintain opportunities for the shrewd, there is no movement made, in a manner so simple and direct, to secure justice between debtor and creditor.

The best practical thing, then, appears to be to stick to the old money metals, gold and silver, as the substantial basis of all currency. It has been demonstrated by economists, and admitted by some monometallists, that the bi-metallic standard is more uniform than any monometallic standard can be. This is true, because the fluctuations in one of the metals compensates to some extent the fluctuations in the other metal. The use of certificates does away with the objection to the bulk and weight of the cheaper metal; and there is no reason what-

ever, but in the cannibal greed of remorseless class interests, why both metals should not be honored, and equally retained as conjointly the denominator of values.

I have taken it for granted that gold and silver at a stated ratio agreed on by the great commercial nations will circulate side by side. I regard this as one of the demonstrated principles of economic science. Even without such general agreement, France and the United States have maintained an immense quantity of silver as money, although it has been overvalued. With a general agreement on ratio among the nations, free coinage would be practicable, and no premium could arise on the under-valued metal. Under such an agreement, where would the undervalued metal go to get a premium on itself? It is clear, it could get no premium, and without any it would circulate as freely as the overvalued metal. Money is not merchandise, and, in some respects, the laws which govern the circulation and values of the two, are very different.

33. MONOMETALLISM A COVERT SECTIONAL INTEREST.—In conclusion, I may observe that the creditor interest of this country is not only a class interest, but is quite distinctly a sectional interest. Bankers with large capital, money-lenders and other credit-owners, and men living on fixed salaries, are chiefly to be found in certain cities and States. While they are not anywhere the most numerous part of the population, they are by far the most influential part. They have time and means to give to the furtherance of their own peculiar interests, and this they do by influencing nominations, elections, the course of legislation, and the execution of the laws. Hence, the great newspapers in these sections, and the legislators and executive officers thereof, quite generally favor the interests and privileges of these strong classes, wherefore the molding of opinion becomes to a certain extent a sectional matter, and we have witnessed the phenomena of newspapers in one section censuring the tendencies of public opinion in another section. This attempt to force us down to the ex-

clusive gold basis will be found to be strongest in those sections in which the creditor class is most weighty. But the people of those sections should none the less resist this tendency, for they, as well as the people who live on the broad fields of the South and West, will be victimized in the end by a remorseless contraction, if gold monometallism prevail.

"Are you not," asks one who is perfectly satisfied with the mill as it runs,—*"are you not fomenting class and sectional jealousies?"* Fomenting jealousies! If I have said what is not true, it is easy to kill it by showing that it is false. If I have told the truth, it is precisely what all should know. A truth is never put out of the way by a disingenuous fling at its tendencies. It is the ignorant and contumacious resistance to change and correction that invites disaster to fall with the unlooked-for suddenness of an avenging bolt. One of the best things Herbert Spencer said when in this country, was that our people are too apt tamely to accept the situation without criticism or complaint. A little criticism as searching as it can be made is not to be deprecated. If it involves errors, there is an antidote—counter-criticism.

CHAPTER V.

MONOPOLY ADVANTAGES.

34. CONTROL OF THE SOIL.—One of the most difficult problems society has to deal with relates to the control of the soil. A diversity of methods have been adopted by mankind at various times and in various places, and all proved to be practical after a fashion. No general law has been discovered whereby the claims of individuals to the soil may be determined. That with which we are practically familiar, exclusive title and freedom of purchase and sale, is looked upon by

many as embodying within itself a high economical principle, and fitted to bring about the best practical results. Possibly this is so, but it is attended with very serious evils. Perfect freedom in the acquisition of exclusive title to lands may be, indeed, a very high order of freedom, which must be sustained at all hazards; its drawback, however, is that, in its results, it is quite largely destructive of freedom. Small owners are readily absorbed under the aggressive energy of large owners, and the tenant cannot be as manly a man, nor as good a citizen, as if he were an independent owner. The increase in number and size of large possessions in land cuts off by so much the opportunities for independent ownership, and thereby promotes a sort of modified slavery. But I need not attempt to depict the horrors of land monopoly; this has been done again and again, and we may see for ourselves some of them existing at present in other and older nations. The evil is gradually gaining ground in this country, and is assisted by public opinion and national legislation. The great landlord is a big man here as well as in Europe, and, while great landed estates afford safe investments and a condition of personal consequence, our great landlords are likely to multiply in number. About two hundred million acres have been given away to railroads—an area equal to eight or ten large States. The good side of this liberality is to be seen in the improvements which have followed the donations, and which but for the donations would not have been made. But this good, like many another, has been largely neutralized by attempting to get too much of it, and much land was given away that has brought no return.

If all the land given to States and companies for railroad purposes should be eventually sold to actual settlers, so far good. But there are bad elements in this procedure. Every settler is made to pay for all the good which has accrued from accessibility to the land he buys of the railroad, but he gets nothing for the value he adds by his own improvements to the lands still belonging to the corporation. Every improvement

he makes adds to this value, thus enabling the monopoly to reap, without compensation, from the toil of others. There is nothing reciprocal or just about it. The grant by alternate sections is a device by which the corporations reap benefit from the occupation and improvement of the public lands as well as of those which have passed from themselves to actual settlers. If all these lands had been reserved for actual settlement, these forms of injustice could not have arisen. If the railroad companies, or some of them, should retain a part of their lands, placing them under corporate control with a numerous tenantry, we should have a condition of things not at all pleasant to contemplate. But this is actually coming about in a little different form. At the present time foreign individuals and syndicates own more than twenty million acres of American lands in large tracts. Besides this, about ten million acres are held in large tracts by Americans,—individuals and syndicates. Thirty million acres in all, equivalent to a large State! Most of this has been secured by transfer of title from the railroad companies to the foreign and American monopolists, who will manage them solely for a return of profit on their investments. If they hold these lands on speculation, there is wrong; if they cover them with tenants, there is evil. It is bad enough when American syndicates control vast tracts to the exclusion of independent settlers; but it is still worse when those in control owe allegiance to foreign States in which landlordism is one of the prevalent forms of aristocracy.

These large holdings are altogether incompatible with the interests of small proprietors; and I am told that whenever these with prior claims have been induced to unite their interests with the syndicates, they have suffered, as small stockholders usually suffer from a mysterious spiriting away of fair dividends. Those great owners who keep herds, also maintain a herd of dependants who have little home life, no permanent interest in the neighborhood, ready for any adventure, not good citizens. Probably much of these lands, being

adapted to stockgrowing, is best managed in large tracts, but even this is denied. If, however, this be true, it is no reason why a government of the people should permit the people's lands to pass into the control of foreign syndicates, or any other syndicates. It is not true, however, that all these lands belong to the grazing regions. They are located in West Virginia, in Wisconsin, in Mississippi, in Arkansas, and in Florida, as well as in Kansas, Colorado, Texas and New Mexico. (Country Gentleman, August 13, 1885; and Congressional Record, March 10, 1885). Whatever this monopoly may be in the grazing regions, it is, in the agricultural regions, a violation of the just rights of the people, and an unmitigated evil. It has not even the advantage of present good; it is a menace to prosperity from first to last. This is an instance in which the introduction of foreign capital into this country is a curse without palliation. There is here a conflict of interests between classes, a conflict which will deepen with the years, and in regard to which, the shallow statesmanship that sees only the present should not be allowed to dictate a policy of inaction.

There is present wrong to be met growing out of former land grants. In many instances these have been forfeited by non-compliance with the conditions on which the grants were made; and then, as our experience proves, it is almost impossible to secure a formal declaration of forfeiture for the restoration of the lands to the public domain. If a railroad corporation, for example, is not able or not willing to build its road, it is, nevertheless, both able and willing to operate on Congress for the defeat of any scheme that looks to forfeiture. There are men in Congress who become indignant at the mention of forfeiting title to such lands. They look upon it as a part of systematic persecution against corporations; and while they want to promote intelligence and morality by a draft on the Treasury for national education, and by enforcing total abstinence at the point of the bayonet, they are perfectly willing that the public lands shall go into the hands of delinquent

monopolists, and thus pass out of reach of the masses when made sufficiently intelligent and temperate to desire homes of their own.

Another wrong which has been practiced in connection with these grants, is that of shifting the location of the road, so as to reach new sections while clinging to the old. The administration of the Interior Department, however, gives excellent promise of greater vigilance than heretofore in thwarting the various forms of sharp practice against the people's interests in the public domain. Let us pray that the officials who have these duties in charge will not become weary in well doing!

But there is need of something more than honest administration; other legislation is required. The grazing lands of the West present altogether different conditions from that with which legislation had to deal in the agricultural sections of the United States. Cultivation is impossible, stock-raising only is available, and individual settlers must be able to secure many times as much land for personal independence, as would be sufficient on an agricultural soil. An individual ranchman of moderate means has no security now; when a great stock company has invested him on all sides, he is compelled to surrender. The little cattle men are sure to be eaten by the big ones; and for want of proper laws to be administered for their protection, the unpretentious individual enterprises are crushed under the relentless hands of lords and syndicates. So far as our land laws are concerned, our government is, in regard to all this grazing territory, a government for aggressive monopolies, home and foreign, and not for the average individual citizen.

35. INHERENT MONOPOLY.—Every railroad is within itself, to some extent, a monopoly. It is not like a river on which carriers may launch their boats and compete with one another. It owns the road and runs the cars, and there is no competition except what is made by waterways and by other roads. There may be competition at the termini and at certain intermediate points, but hardly in any case can there be competition

at all points; and wherever there is not competition there is monopoly. But even a monopolistic power has certain necessary limitations. Charges which are too grossly exorbitant would, in the case of a railroad, exasperate the people along the line, endanger the railroad, and suggest the building of a competing line. Another limit is that charges must not be so high as to weight too heavily the different kinds of business along the road; for this would depress business here and stimulate it elsewhere, and other lines of transportation would gain, while the extortionate one would lose. But, in spite of those limitations, there are monopoly and excessive charges. While such charges cannot be maintained throughout the entire line including the termini and way stations, they may be maintained at some of the intermediate points—at most of them, perhaps. Extortion is practiced on individuals and places, but usually not on all individuals and places alike. The railroad management may, out of pure wantonness or malice, crush out individuals and villages by putting up rates against them. It may build up favored individuals or places by giving them preferential rates. Both these forms of business iniquity have been largely practiced, secretly for the most part, though a good deal of this kind of management has been brought to light.

36. PERSONAL DISCRIMINATION. — Discrimination in favor of particular business houses has largely taken the form of rebates. It was by means of rebates that the Standard Oil Company was able to break down all opposition and become one of the greatest and worst of monopolies. It was shown that \$10,000,000 was, in this way, paid back to this company in sixteen months. The rate to the seaboard was twenty-five cents a barrel, when, at the rate charged for like goods, it should have been one dollar and twenty-five cents per barrel. All the trunk lines were in the contract, and the deficit in profits thus caused had to be made good by higher charges on other freight. The New York Central charged forty-five cents per can of milk weighing ninety pounds, for an average distance

of sixty-five miles. This was forty times as much as the freight on an equal weight of Standard oil for an equal distance, and was equivalent to ten dollars per barrel of 330 lbs. for 400 miles. The milk men were not as good at bargaining with the railroad as the oil men were; and they got a reduction of rates only through the action of the railroad commission.

The Standard Oil monopoly was managed by a combination of railroad men and oil refiners, and was able to break down all competition and amass its millions at the cost of every household in which a kerosene lamp was used. It was a successful conspiracy against the general interests of the public for the pecuniary benefit of a few individuals, some of whom, not content with the power and consequence which great wealth gives, have entered another field, to bestow political power and honors upon favorites.

The like preferential rates have been given to coal and grain dealers, enabling them to take possession of the market and destroy competition. Several notable houses have been built up in this way. At one time, the New York Central had over "six thousand different contracts, varying in the most arbitrary manner from the published schedule for the carriage of local freight" (Sterne). More than half the business between New York and points on the New York Central has in this way been carried on at less than the published rates. These special rates were governed by no rule of business or equity, but by favoritism and caprice pure and simple. Jesse Hoyt & Co. and David Dows & Co., of New York, grain firms, had a monopoly of the market in the Winter of 1877 by means of reduced rates from the West. Shoelkop & Mathews, millers of Niagara Falls, had special rates on the New York Central, and were thus enabled to beat competitors. Even the shorter distance from Rochester to New York did not protect the mills at Rochester, and the consumers did not get the advantage which the less cost of carriage from the nearer city should have afforded. Freight from Cincinnati to New York had been

fifteen cents per hundred, and dealers had made their calculations and given their orders on this basis, when suddenly freights were raised by a power as inexorable as that of an earthquake, to thirty and one-half cents per hundred. This took the profits, and goods already ordered had to lay dead in the warehouses. A member of the New York board of trade could not secure an abatement of the extortion, although, at the same time, favorites who had been notified of the coming change, were still shipping under special contract at the old rates.

By charging twice as much for carrying sugar from the East to the West as from the West to the East, the railroads have built up the sugar monopoly of Sir Claus Spreckles of San Francisco. The discrimination thus made protected the sugar trade of one man with the Sandwich Islands, and enabled him to amass an immense fortune at the expense of his customers, and to secure a title from king Kalakaua. Is this the freedom of competition and fairness in dealing which results, when the railroad management is let alone?

Preferential rates may be given to personal favorites or to large shippers to secure all their business, and this enables the favored shippers to undersell others and drive them out of business. Large dealers in this way destroy the smaller dealers, and get rid of competition. Thus railroad mismanagement has built up business monopolies by discrimination, such as only a lawless and conscienceless monopoly could make. It is the case of a big monopoly breeding little ones; and these smaller ones sometimes grow to be very large ones, as in the case of the Standard Oil Company and the Spreckles Sugar House.

37. LOCAL DISCRIMINATION.—The following are samples of discriminations against places, the figures in each case relating to the same line. Charges are greater from St. Louis to Palestine, Texas, than to Galveston, two hundred miles further; greater also from Buffalo to New York than from Chicago to New York. Freight on a barrel of flour from St. Louis to Baltimore is 88 cents, but from Carlyle, a station forty-

seven miles nearer Baltimore, one dollar; from Rochester to New York, 30 cents per barrel, but from Milwaukee to New York, three times the distance, 20 cents per barrel. From Memphis to New Orleans, freight per bale of cotton, one dollar; but for two-thirds this distance, from Winona to New Orleans, three dollars and twenty-five cents per bale. From New York to Atlanta, one dollar per hundred, but from New York to New Orleans, several hundred miles further, 70 cents per hundred. Four hundred dollars is charged per car for hardware from Chicago to Lincoln Station, Oregon, but only two hundred dollars from Chicago to Portland, one hundred miles further. From Chicago to Virginia City, \$800 per car, but only \$300 to San Francisco, 600 miles further. From Council Bluffs to Chicago, 500 miles, freight per bushel corn, eight cents; from Des Moines, half the distance, eleven cents. When corn was 15 cents per bushel at Central City, Nebraska, it cost 18 cents per bushel to get it to Chicago; and when selling for still less at Wichita, Kansas, it cost 27 cents per bushel to deliver it in Chicago. Freight on coal from the mines to York one dollar and fifty cents per ton more than to Baltimore, 60 miles further. During 1878 and 1879, coal sold to the consumer in New York at about three dollars and twenty-five cents per short ton. The coal roads formed a pool, and prices were raised to about six dollars per ton to the consumer. A legislative investigation proved that \$3.25 to \$3.50 per ton was a fair price to the consumer in New York; and yet there are journalistic and other authorities who inform us that the best thing we can do is just to let the railroads alone. When railroad men take on airs about the complication of their affairs, which only experts like themselves can understand and manage, they might be called on to explain a case like the following: Mr. W. W. Mack, of Rochester, instead of shipping his edge tools direct, sent them first to New York, whence they passed back by way of Rochester to Cincinnati and St. Louis, at a saving in the one case of 14 cents per hundred, and in the other of 18 cents per hundred. In this case the railroad

managers illustrated the deep mysteries of railroading by carrying freight 700 miles for 14 to 18 cents per hundred less than nothing.

38. VIEWS OF REPRESENTATIVE MEN.—Mr. Clardy of Missouri, a member of the House Committee on Commerce, believed the committee to be “of one mind as to the existence of facts authorizing if not demanding legislative action for the protection of the people from the growing exactions of railroad companies.” Mr. Oscar Turner, in a speech in the House, December 10, 1884, having stated the evils of railroad mismanagement to be charging unreasonable rates, discriminating between individuals and between communities, destroying competition by pooling, conceding unjust privileges to favorites, and discriminating by a system of rebates and drawbacks, affirmed that “These are the evils said to exist, and that affect the country, and no member on this floor has had the hardihood to deny that these evils do exist and need a remedy at the hands of Congress.” Mr. Long, of Massachusetts, speaking of complaints of unjust discriminations by special rebates and drawbacks, building up and breaking down at the caprice, interest, or malice of railroad companies, added: “And, Mr. Speaker, these complaints have in too many cases been well founded. Grossest injustice has been done. Certain shippers have had undue preferences. Certain others have suffered loss by unjust discriminations. Certain places have withered in their local prosperity from unequal rates, and certain others have been favored and stimulated by special indulgences. This evil, so far as it is involved in interstate commerce, we are in duty bound to meet.” Messrs. Warner (Ohio), Findlay (Maryland), Senator Cullom (Illinois), and others, regard unjust discriminations by railroads the chief abuse of their power as public carriers, and that which most needs regulation. Even so marked an apologist for railroad management as Mr. Horr (Michigan) recognizes “the inequalities and unjust discriminations of the carrying trade.” Senator Sherman (Ohio) said, “That Congress ought to legislate upon

this subject is manifest to everybody." Senator Harrison (Indiana) said: "Mr. President, I do not stop to prove the existence of these evils. They are confessed of all fair men. I do not stop to prove, for proof is not needed, that the railroad companies by these discriminations between individuals and between localities, and by the unrestrained exercise of the power to establish rates, have assumed and do now exercise a most dangerous and unwarranted control over the commerce of the country." Even Senator Brown (Georgia), great rail-roader that he is, and biased to the last degree by his railroad interests, admits, nevertheless, that there are abuses in railroad management which should be corrected by legislation: "But it is said there are abuses in the railroad system which cannot be justified. That is doubtless so; abuses will creep into every great system where great interests are at stake, and it is the duty of wise legislators, as far as it lies in their power, to correct such abuses."

President Arthur, in his message, December 4, 1883, recognized the existence of evils in railroad management which State laws could not reach, and stated that Congress should go to the extent of its constitutional authority to "protect the people at large in their interstate traffic against acts of injustice which the State governments are powerless to prevent." In June following, the National Republican Convention at Chicago put this into its platform: "The principle of the public regulation of railroad corporations is a wise and salutary one for the protection of all classes of people, and we favor legislation that shall prevent unjust discrimination and excessive charges for transportation, and that shall prove to the people and to the railways alike the fair and equal protection of the law."

I will conclude these extracts with one from Mr. Charles Francis Adams, than whom there is no higher authority on the subject. In an address before the House Committee on Commerce, speaking of railroad abuses, he said: "I will not stop to dwell upon them or to denounce them. It is not

necessary to do so, for I hold them to be proven and their existence notorious. The record is full of evidence on the subject. We all know that discriminations in railroad treatment and charges do exist between individuals and between places. We all know that railroad tariffs fluctuate wildly, not only in different years, but in different seasons of the same year. We know that certain large business firms—the leviathans of modern trade—can and do dictate their own terms between rival corporations, while the small concern must accept the best terms it can get. It is beyond dispute that business is carried hither and thither—to this point, away from that point, and through the other point—not because it would naturally go to, away from, or through those points, but because rates are made on an artificial basis and to serve ulterior ends. In regard to these things I consider the existing system nearly as bad as any system can be. Studying its operations as I have long and patiently, I am ready to repeat now what I have repeatedly said before, that the most surprising thing about it to me is that the business community sustains itself under such conditions. The first principles of law governing common carriers are habitually violated. Special contracts, covering long periods of time, are made every day with heavy shippers, under which the common carrier, whose first duty is to serve all equally, gives to certain parties a practical control of the markets. There is thus neither equality nor system, law nor equity, in the matter of railroad charges. A complete change in this respect is a condition precedent to any just and equitable system of railroad transportation.”

We have given very few facts of the many that might be given to prove abuses in railroad management. We have quoted very few opinions of senators, and congressmen, and others, that might be quoted on the urgent need of regulating interstate commerce by national legislation. The evidence is overwhelming ; then, why has nothing been done? The great reason is, because there is a power in this country fully deter-



mined that nothing shall be done. This power employs the best legal talent of the country, and gets as many members with the railroad bias into the Senate and House as possible. The lawyers labor with the committees, and the "friendly" members labor with Congress; wherefore it appears that this is not wholly a "government of the people, by the people, and for the people."

39. EXCUSES FOR INACTION.—While admitting that there is need of regulation, some congressmen express themselves as feeling very tender toward the railroads on account of their great usefulness to the people. This is the far-fetched reason of a bias to quiet the desire for action against railroad abuses. The railroads are not personal beings whose shortcomings should be overlooked, because they have contributed so much to the general prosperity of the country. Most who now manage the railroads, and those most guilty of indefensible methods, are people who have paid out little money and made small personal sacrifice to build up railroads. A very large percentage of the money which has actually been paid out for the construction of railroads has been totally lost to those who advanced it, and they are now out of the railroad business. Many of the present owners of railroads have secured them by the process of wrecking—have bought them up under foreclosure on the best of terms. The gentlemen who have bought and now manage, are in no particular need of sympathy. They have acquired fortunes from railroads, and have not, as it is assumed, laid out fortunes on them. Senator Brown, in his speech already quoted from, gave a list of bankrupt roads in Georgia, in which the original stockholders lost everything; and he explained it as a result of popular clamor for cheap freights. Only think of popular clamor forcing cheap rates and bankrupting railroads! Further on in the same speech, he explained that the weaker roads were beaten by deadly competition and then absorbed by the stronger companies. The people who are now managing the roads, are not managing them for the public good—they are not remarkable

for altruism ;—the public good is a mere incident, and the managers are scheming for their own profits solely. As, in many instances, they now hold and control what other people have lost, it is a precious bit of pretense to bespeak sympathy for present management on account of the good railroads are doing, and of the losses early investors have suffered.

Some congressmen wish large liberties reserved for the railroads to build up struggling industries. A case was used for illustration, in which freight was carried at a loss to encourage the exportation of staves ! It was thought, too, that poor or out-of-the-way mines should be favored on rates, so they might be worked with profit ! A portion of the American mind has become so thoroughly imbued with the bias of "protection," that, not only the government, but all-powerful railroads are invoked to help unprofitable industries at the expense of others. The trouble with the unrestrained power of railroads to discriminate is that it is more apt to be used for selfish than benevolent ends, and the strong get the help rather than the weak.

A member of Congress largely interested in railroads stood in his place, and predicted that the Reagan method of dealing with railroads would be inoperative, because they would ostentatiously break through its provisions. They would obstruct it in the courts, and, if necessary, would issue a sovereign decree that every engine should remain in its round-house, and traffic and travel cease, till the power of this nation should be so humbled, that the author of the bill would be glad to ask a suspension of the rules to move for the repeal of his own law. And thus would the corporations triumph over the people according to the "principles of nature !" This was of course mere bombast, but bombast not without meaning, and apparently of great interest to fellow-members who crowded about the speaker to hear the precious words as they fell from his lips. Here was betrayed the contempt of a railroad man for the power of law when pitted against the power of railroads. There was no attempt to conceal the bias that regards the

country at large as inferior and secondary to corporate power; and, while it was not pretended that there are no abuses to correct, it was openly proclaimed that their perpetrators are too powerfully entrenched in the inevitable order of things to be successfully dealt with by any agency of the government.

It is hardly ever mentioned in Congress, but it has currency elsewhere, that the railroads already carry freight so cheaply, that it is best not to meddle with them. Because the baker adds more to the price of bread than the railroad does, we had better first regulate the bakers, and then, if the powerful railroad magnates will permit us, we may try our hand at regulating the railroads. It is true that when railroads have had to compete with one another and with waterways at terminal points, as, for example, from Chicago to New York, freights are low; but it is not true that freights are always or even generally fair and reasonable, where railroads have their own way. They take what the traffic will bear. It is true that transportation by rail is becoming constantly cheaper. This has taken place through improved facilities and greater economy in the means of transportation. It is due to the greater unity of method, and the larger amount of business done. The public should receive benefit from such improvements, and the reduction of rates affords no excuse for the tolerance of abuses.

The ventilation of railroad abuses has done something to correct them; and the legal regulation attempted in twenty-four States of the Union has very materially improved the moral behavior of railroads as common carriers. As mistaken in details as no doubt much of the so-called granger legislation was, it helped largely, as Mr. Charles Francis Adams has stated, to bring railroad managers to a sense of their amenability to control in the interests of justice by a power greater than theirs. But the States can do nothing for interstate commerce; and this the general government is in duty bound to regulate and protect. It is true that butchers and bakers are oftentimes thrifty men; but under competition there is less

danger of extortion than under monopoly, and there is never occasion for regulation under honest competition. The village butcher is a despot only when he is intrenched in monopoly. It is notorious that several of our railroaders have increased their worldly possessions one, two, three, four, or five millions a year, while bakers and butchers have done nothing of the sort, their power of taxation being altogether too limited; whence it is suggested plainly enough that railroaders have opportunities which bakers and butchers have not. This Atkinsonian method of diverting attention from the real question, is, indeed, trivial enough; and yet is its author greatly commended as an authority in economical literature by the powerful interests he so loyally serves.

One of the ways which senators and congressmen have of making themselves feel complacent over their inaction, is the affectation of conservatism. Nearly all want to do something, but it is so easy to make mistakes and do more harm than good, that it is in the very nature of wisdom herself that their labors shall have no result. It is true that it is very easy in a complicated practical matter like this to do more harm than good; and it is positively certain that no good in such a matter can be done without some seed of evil being ready to germinate therein, so that if nothing is done till it is certain to be wholly good, there will never be anything done, and the present evils will be allowed to gather strength with the years till they can be weakened and broken only under the violent hand of revolution. Suppose there are some errors in a law so urgently demanded; they are not irrevocable, and emendation and repeal are always within easy reach. Such a measure must necessarily be largely tentative at first. Wisdom comes to mankind through honest endeavor with its mistakes, rather than through the owl-like solemnities of unbroken meditation with no practical test for its errors. If all the members of the House had been so exacting as to require something like perfection, the Reagan bill would not have passed; for probably one-third of those who voted for it believed that it attempted

too much, and that some of its provisions—to say nothing of the extraneous matter that was thrust in—were not the best possible. Many voted for it who would have preferred a commission, with less rigidity of detail. I am free to say that, while I am in entire sympathy with this view of the subject, I certainly commend gentlemen for yielding their preferences so far as to vote for the Reagan bill as the best thing it was possible to get. And, if senators, instead of working at a hopeless bill of their own, had gone at once to perfecting the House bill in accordance with more conservative ideas, a law might have been enacted at that session for the regulation of interstate commerce. But to disregard the House bill after it had passed, and go on working at the Senate bill, as was done, was simply to defeat present legislation on the subject, and senators very well knew this, and none better than those who compelled the Senate to take this course. This phenomenon the country was called to witness after a struggle in Congress of ten years' duration for an abatement of railroad abuses. Let the reader decide what, under such circumstances, the people owe to themselves.

40. SOME OTHER MONOPOLIES—AND “PARASITES.”—What is true of railroad management is true in a general way of management by express, telegraph, and gas companies. They are monopolies for the most part with power to tax the people far more than what would be a fair compensation for their services. In many cases their stock has been largely watered and enormous profits have been made, and, like railroads, they all resist control. Where there is competition between express lines at their termini and on parallel roads, shippers have far better chances for fair dealing than where there is no competition. Telegraph lines get rid of competition by absorbing the new lines; and the people are everywhere compelled to pay more for the transmission of messages than they ought to pay. There should be regulation, or the government should own and operate its own telegraph lines in the interest of the great body of the people. What is so well done in Europe

through government ownership and control, will probably be done here by and by. Telephone companies are monopolies by the nature of their business, and they, too, are likely to use their power for extortionate gains.

When rival gas companies are formed, it is said that gas is apt to be higher rather than lower than before. There is more capital now in the business, and capital must have its profits, if not under competition, why then under combination. There is possibly no way to protect gas consumers but by the legal supervision of rates; and yet it is almost impossible to bring this about. A bill with this object in view was defeated in the New York legislature last spring—defeated through corruption by the power of a class interest. And thus the people do not govern in States any more than in the nation.

The gas combination of New York city, in 1879, well illustrates the power of one man or a few men with franchises in their hands, to extort from the many. Under competition gas had been selling at about \$1.00, when the pool was arranged to sell at \$2.00; but one stockholder in control of one of the companies insisted on putting up the price to \$2.25. He carried his point and with it secured for the pool out of the gas consumers of the city one-half million dollars per annum. In England, whose people we pity for their want of political freedom, there is State regulation with satisfactory results, and gas consumers are protected against extortion; in this country of spread-eagle liberty, a small but powerful class dictates what the law shall be or shall not be.

They tell us railroads earn less than three per cent. Gravely they tell this without qualification, and expect us to accept it as final. But this is earned on water as well as on cash capital, with nearly five per cent besides to pay on indebtedness. Poor's figures show a profit of about nine per cent on actual cost. This is thrift beyond the average; but if this were all, we might congratulate railroaders on their good management, and stand it. But this is not all. Besides the enormous salaries railroad officers pay themselves, their roads are made to



support a number of parasites that take blood, such as express companies, fast freight lines, palace car companies, elevator companies, stock yard companies. Senator Sherman said in the Senate, February 3, 1885: "Within the twenty years since the railroads have formed their connecting lines, they have been eaten to death by parasites. Every railroad has had its little inner ring, and all sorts of cunning schemes and devices have been made and entered into not only to cheat the people, but to cheat their own stockholders. I doubt if there is a single railroad in our country that has not in it and about it, composed of its officers, some of these parasites which prevent proper dividends from being paid to stockholders." Contracts are made with these inside organizations so as to make their business more profitable than that of the railroad itself. The officers of the road stand in with these companies and share profits, thus pushing the interests of a ring in opposition to the interests of the road they manage; and thus it has turned out that while the road was becoming bankrupt, its managers were becoming prosperous, and both stockholders and people were cheated. Competition regulates such matters, does it?

41. **MONOPOLIES WITHOUT STATE FRANCHISES.**—All intelligent and fair-minded men admit that a business transacted for the public under franchises from the State, should be kept well in hand by the State, in order that its privileges may not be abused and the public wronged. But I wish to call attention here to kinds of business which do not come within this category. Men may do business of a public character without any franchises from the State. They may use their own private capital, and by purely business combinations effectually fleece the people for personal gain. There can be no remedy by competition when competition is circumvented. There are, perhaps, at the present time, almost one hundred industries in the United States in this condition. They are controlled by rings to destroy competition, limit production, and compel the public to pay monopoly prices.

President Gowan of the Reading railroad said in 1875 before a committee of the Pennsylvania Legislature: "Every pound of rope we buy for our vessels and for our mines is bought at a price fixed by a committee of the rope manufacturers of the United States. Every keg of nails, every paper of tacks, all serews, and wrenches, and hinges, the boiler plates of our locomotives, are never bought except at the prices fixed by the representatives of the mills that manufacture them. Iron beams for our houses or your bridges can be had only at the prices agreed upon by a combination of those who produce them. Fire brick, gas pipe, terra cotta pipe for drainage, every keg of powder we buy to blast coal, are purchased under the same arrangement. Every pane of window glass in this house was bought at a scale of prices established exactly in the same manner. White lead, galvanized sheet iron, hose, and belting, and files are bought and sold at a rate determined in the same way."

Lumbermen limit production and fix prices, and the rules are good as far away as Dakota and Manitoba. On the Pacific slope, the lumber trade is managed in the same way, and the retailers are bound by stringent regulations. Stockbuyers at Chicago combine to make their own prices. Vanderbilt, Sloan and Company dictate the price of coal, limiting the supply when necessary by stopping work in the mines. The Western Anthracite Coal Association, which is controlled entirely by the large railroads and mine-owners of Pennsylvania, determines the price of coal for the West. On occasion of a coal strike in 1871, private miners conceded the strikers' terms; but the railroads put up freights on them to keep them out of the market, and coal doubled in price. In the fall of 1884, railroad accommodations were refused to the Hocking Valley coal men who paid the laborers their price and kept on mining. There are combinations to regulate the production and prices of coke, anthracite and bituminous coal. The match combination broke down all competition by the aid of the tariff and the railroads. Manufacturers of wall paper, of wrapping paper,

and of paper for script, books, and newspapers, all have associations to regulate production and prices. With the same objects in view there is a National Burial Case Association. The quinine manufacturers of the world have tried to keep up the price of quinine. Even patent medicines are subject to combination and espionage. Stamped tinware is a monopoly. The barbed wire manufacturers buy their material without competition among themselves, and sell at their own prices. While I write, the agents of seventy companies manufacturing barbed wire, meet at Chicago, arrange a pool, and put up prices 15 cents per 100 pounds. Dairymen have tried the virtues of combination, and spilled their milk rather than break prices. There are whiskey and beer combinations, and a school book pool. The ice men and fish dealers of cities, millers in the West, and quarrymen generally combine with more or less success to maintain prices. The same is true of the manufacturers of sewer pipe, lamps, pottery, glassware, shot, sugar, candy, starch, preserved fruits, glucose, silks, bunting, rubber goods, salt, lime, even chairs, vapor stoves, harvesting machines, type, wire cloth, brass tubing and other brass manufactures. (North American Review, June, 1884.)

There are so many kinds of business named here that it might seem that combination were general, — combination neutralizing combination without harm to anybody. But it is not so. Look over a list of occupations with the numbers employed therein, and see. Forty-four out of every hundred people in the United States cultivate the soil, and they cannot concert to limit production and fix prices. Their prices are fixed for them when they sell, and as consumers of certain goods they must pay the prices set by a secret and arbitrary management. As producers they compete with one another, as consumers they must submit in many things to the dictation of business combinations, and thus they are beaten between mutual competition and antagonistic combination. There are millions of others in various occupations as helpless as the farmers. In the occupations named as having combined to limit produc-

tion and make prices, it would be a great mistake to suppose that all who work in them are benefited by the combination; the benefit accrues simply to the few who manage; and by the very power which combination gives, these few take tribute from their working men by reduced wages, as well as from their customers by increased prices. Combination is a double-headed monster, which we are sure would be less offensive in behavior if it were tamed.

There are economists who endorse the action of these rings as legitimate. At any rate, there are economical philosophers who pretend to believe that the law of competition is adequate for the regulation of all businesses and industries. The rings simply employ the economical forces according to opportunity to push their own interests, and "that is what everybody does, or ought to do." This was done in former times when two men met on the road, and the stronger took the other's purse.

I have no doubt that limiting production, if done with judgment under proper motives, would be a good thing as a means of avoiding our constantly recurring disturbances in the relations of supply and demand. But this is not the way in which the limiting is done. It is done in the interest of greed. It is done to keep up prices and secure large profits without regard to the interests of either laborers or consumers. How is it that the steel industry in this country could afford to pay a single establishment, the Vulcan Steel Mill of St. Louis, \$400,000 to stand idle? How is it that the Waverly Sandstone ring can afford to pay quarries thousands of dollars—in one instance I learn of, \$4,500 annually—to do nothing? How could American salt manufacturers afford to pay a large annual dead rent for the salt works along the Kenawha to get rid of competition and limit production? How could the Standard Oil Company afford to buy up competitors and dismantle their works? In these instances and others of like character, the enterprising gentlemen could well afford to destroy property, limit business, and throw laborers out of employment, because this course enabled them to con-

trol the wages of their workmen as well as to limit production and maintain high prices. They would not pay out their thousands to stop works, if they could not thereby get those thousands back with good profits on the same. At whose expense, however, are they so flush? At the expense of consumers. The consumers, not the operators, furnish the means with which to buy up mills, works, quarries, &c., and stop production therein. This additional tax is paid by the people to minister to the greed of the scheming few. And yet, some economists tell us that all this is properly self-regulating on the deep-lying principle of open competition and free contract. Competition is first destroyed and then prices are fixed by secret boards with an absolute power, in the exercise of which there is no recognition of mutual contract. Senator Bayard once made a slip of the tongue in the Senate about the freedom of contract between railroads and shippers, and the chastisement inflicted on him therefor by Senator Vance was calculated to excite one's commiseration for the suffering senator. Gentlemen get so in the habit of prating about competition and free contract that they give their words no careful thought, and they deceive themselves, and by their authority, in this case really so worthless, they mislead others. The consumer at large has no more chance on the principle of free contract against the exactions of a manufacturing ring, than the common shipper has on the same principle against the exactions of a railroad ring. The cardinal principles of political economy are first outraged and beaten, and then appeal is made for justification of the act to the principles of political economy. A pretty circle is this to chase round in!

The usual proceeding is for a few of the stronger to form a combination, and then undersell till the weaker are compelled to quit business, sell out, or come into the ring. If opposition starts on principles of competition, it is beaten in like manner, and absorbed and driven from the field. This has been done many times. The big and strong overpower and subordinate the small and weak. This is done by the law that

rules among beasts in the forests, except that among men there is greater power of combination than among beasts; but the result is the same, the crushing out of the weaker and less fortunate. It is only a new form of the law of might, and under it there is no recognition of a moral law among men other than prevails among brutes. It is Darwinism misconstrued and misplaced. While in one field monopoly by the strong results in good to the race, in the other field it not only crushes competitors but weakens others by abstracting from their economical strength. Those rings formed and combinations made to destroy competition and the freedom of contract, are conspiracies against the public—forms of misdoing for which there should be some remedy. Orthodoxy in economics may lift its hands in holy horror at the idea of interfering with the business methods of business men. But we are happily not without precedent for such interferences. In an opinion delivered by Chief Justice Waite in the case of *Moore vs. Illinois*, he names a number of occupations which have long been subjugated to legal regulation in England and in the United States, such as those of ferrymen, common carriers, hackmen, bakers, millers, wharfingers, inn-keepers, &c., and he believes that such regulation is not a violation of any fundamental principle for the protection of private property.

The State of Illinois regulated elevator charges, and the act has been confirmed by the United States court. The Chicago elevators had no franchises and were built with private capital, and common justice as well as common good has been subserved by regulating their charges. Such charges are now reasonable at Chicago, while at Buffalo and New York, where not regulated by the State, they are exorbitant, being under railroad control and intended to weaken rivalry by increasing the cost of water transportation from the West to the seaboard. Elevators work for the public, and when they combine to get rid of competition and unduly tax commerce, they should be subject to public control. Every manufacturing establishment works for the public, and when it enters a ring to destroy com-

petition and extort undue prices from consumers, it should be subjected to some kind of discipline in the interest of common justice and the public good. It may be a question what this control should be and how far it is practicable.

CHAPTER VI.

GOVERNEMENTAL INTERFERENCE.

42. LETTING THINGS TAKE THEIR NATURAL COURSE.—There has been a good deal said from time to time about “letting things take their natural course,” “letting the problem work itself out naturally.” I can understand this, when it has reference to things “in a state of nature.” But what do we mean by things in a state of nature? We mean that man is not meddling with them; that they are outside of his sphere of action, and in consequence, whatever happens, happens naturally. But as soon as man interferes, the character of the action is changed. The domesticated grains, grasses, fruits, animals have not taken a natural course of development: they have all been modified by human agency. How then are things which come wholly within the human sphere to be regarded as taking a natural course? Man is all the time consciously managing them, and their course is not natural at all. It is true that man moves and acts in accordance with the laws of his being, but he is all the time pretending to reason about what he shall do, and is constantly adopting this course, or that as seems to him best. When man modifies the development of a plant or animal, he does so in accordance with the laws of its being, consciously taking advantage of the same, to accomplish the end in view. Then, what is it for things within the sphere of human action, to take their natural course?

In the preceding chapter we have seen how business rings manage to break down competition, secure monopoly, and build themselves up at the expense of their costumers. Is this a part of the natural course we are to let things take? If any thing is natural in the human sphere, this is, since it takes place by the tyranny of power without regard to the requirements of equity. It is the triumph of the unscrupulous and strong over those who are economically weaker, but who may be morally better. On this principle the distribution of the soil of the conquered by the victorious chief among his followers is in the natural course of things. The success of the robber, the pirate, and slave catcher belongs to the same category; for here it is the triumph of the unscrupulous and strong over those who are physically too weak to resist them. All of them triumph by the same law—the law of might—the law that prevails in the woods among the beasts. It makes no difference as to the principle, that one set uses horns, teeth, and claws, another set the club or blunderbuss, and the other business chicanery and aggressive combination, to accomplish their ends. In all cases it is the abuse of power by which one individual or class oppresses others, and if the one is to pursue its natural course, the other should have been permitted to do so on the same logic to the same end. But robbers, and pirates, and slavemongers were not permitted to take their natural course; they were resisted one way or another. Why? For the protection of those they wronged. Why not interfere to prevent the taxation of the many by rings and companies for the benefit of the few whereby fortunes of a hundred million are accumulated in a few years? “But,” I am told, “the cases are not parallel. You must resist the organization of rings and companies by counter-organization; you must transform monopoly into competition by voluntary and not by legal means. The field is open and the race free to all.” The trouble with this theory is, that the monopoly grows stronger and stronger in the very act of putting down one competitor after another till none can resist. It is as if the bandit had many

times met and overcome voluntary opposition and so enlarged and knit together his gang as to defy the efforts of any voluntary force. If the gang had grown powerful beating and driving off volunteers, it would be folly to leave the chances of its extermination to mere volunteers. Nothing will do now but the regulars, even at the risk of not letting things take their natural course. *Laissez Faire* replies: "It would be an unjust abridgement of liberty to interfere with the methods of business men." The English government did not take this view of the case, however, when it suppressed the slave trade and slavery; and Mr. Herbert Spencer says, that by these acts the area of liberty was extended (*Man vs. State*, p. 4). Certainly it was; but it was not done by letting things take their natural course. It was done by cutting off a part of the field which had hitherto been open to business enterprise. Interference with the business was held to be justifiable, because the business had come to be regarded as wrong. Now, why might not the tyranny of monopoly rings be broken in the interest of justice, as the tyranny of the slave trade was broken in the interest of freedom?

What is the natural course of things? Nothing takes place except under resistance. The strongest forces prevail. This is true in the human sphere, whether the force is exercised by an individual, a voluntary association of individuals, or by the State. If then we may speak of anything in the human sphere as natural, it will not do to single out the action of the State as an exception. The State is an essential part of human economy, and is as natural as any other part.

Far down in the human scale, it is brute force that prevails; the strong subordinate the weak. Further on new faculties more and more human and humane in character come into play, and these take a part in the direction of events. There are conscious reflection and sympathy, and they sometimes prove to be too strong for short-sighted and selfish impulses, whether these direct the old-time buccaneers or the modern "financial freebooters." If resistance to wrong made under

legal forms by the sanction of an intelligent constituency should be successful, and the masses of the people gain thereby,—would that be an infringement of the natural order? It would only be throwing one more contestant into the arena of general conflict, and I do not see how this would make the play of the forces any more unnatural than it was before.

All along the course of history, we find the conflict of two opposing elements in society, the one to oppress, the other to escape oppression. This constitutes a very large part of real history, and it seems to be about as natural as anything in human society can be. What has been the method adopted to secure immunity from oppression? That of resistance—always resistance. There was no other way. What forms have been adopted to secure the results of successful resistance? Constitutional forms always; restrictions acknowledged and powers granted being incorporated into the fundamental law of the realm as a restraint on the powerful and a protection to the weak. The concessions went on the records, and their integrity was guaranteed by the sword as the instrument of executive power in last resort. The compacts thus made were often violated, but they were as often restored by renewed effort, till at last they stood secure. This has been the order substantially from Magna Charta down to the last amendment of our own constitution, in every successful struggle of freedom and right with despotism and wrong. The point to be noticed here is that, however spontaneous the uprising against current oppression, it never left the concessions wrung from oppressors to be secured by ever-recurring spontaneity of effort. On the contrary, the points won have been made a part of the political system; and I must confess that I am not able to see why the operation of the political system thus constructed, is not as much in the natural course of things as the abuses which led to its adoption. Now, if any constituency is sufficiently intelligent to direct legislative interference with business monopolies which wrong the people,

is not such interference in the natural course of things as well as the business methods of the rings and combinations of self-seeking men who use their power to overcome competition and tax the people at will? If it is not, so much the worse for "the natural course of things" as a guide in social and political methods.

In a sense, whatever is, is natural. All events are locked up in the complicated net-work of causation, and they take the order they do, precisely because they must. In this sense, all things are natural. The abuse that springs up is natural, and the effort to put it down is natural. If the government is resorted to for correction, that, too, is a part of the natural. But this is not the sense in which the word is used in these discussions. The friends of *laissez faire* use it apparently as the opposite of governmental. Governmental action is not natural; all or most other action is natural. We believe that any such use of the word is based on an inadequate view of what is or is not natural, and leads only to confusion. We can go no further with them on this line till they explain their use of this word.

43. FORCE AS AN ELEMENT IN THE RIGHTING OF WRONG.—One might infer from Mr. Spencer's late work, "The Man versus the State," that government should be confined to a very limited range of duties, because it is intrinsically despotic, having been derived from militancy, whose spirit it still retains. This view of the case is more likely to be suggested by the experience of Europe in government than by that of the United States. The succession of power from a great conqueror to the present time, suggests that political power is essentially arbitrary, however much it may be tempered by the influences of modern life. But the history of the formation of our own government should dispel this illusion. In the times when our government had its origin there was a complete break in the direct connection with the political forms of the past. The old succession was completely snapped asunder, and no part of the old political hierarchy came over

into the new order. The rise and formation of our government was the result of as spontaneous an uprising, of as voluntary a coöperation, as ever has been witnessed in the course of human history. Our government had its rise in the committees of correspondence, first in Massachusetts and afterward in other colonies, committees which ante-dated the complete break from the mother country. This movement which first took the form of committees, next advanced into the maturer form of colonial assemblies, and still later into that of the Congress which directed the war of Independence. Not a particle of this power was derived from the British throne, the original source of supreme power in the colonies. It was derived from the spontaneous action and free will of the people, who had undertaken to manage for themselves. And then, after the war, when Congress lost its command over the States, and there was no general government to deal even with the Algerian pirates on our coast,—how came about the establishment of such a government? By the voluntary coöperation of the several States. This government was not derived from any ancient military despotism; it sprung out of the exigencies of the times, and was as purely unforced as any such thing can be. Of course, the men of the times could not get rid of their habits and traditions, they could not will out of existence the evils and annoyances of anarchy. These evils and annoyances were far worse to bear than the evils which are inherent in political government, and one or the other they must have. Of their own free will—as free as will generally is—they chose the latter, and made a government according to their best thought, adapting it as well as they could to meet the wants of men situated as they were. But they could not make a government without incorporating into it the element of force; and unless man is transformed into something different from what he is, and placed in some world outside this universe as we know it, there can be no government without force.

Every association, indeed, to overcome wrong and guard

the right! A non-resistant association may do to take the initiative; but associations are efficient in final action only so far as they have power to enforce their decrees. They have not the bayonet, it is true, to compel obedience, but they have sometimes means at their disposal which necessarily partake of the nature of force, since they may coerce by social and moral instrumentalities as truly as if they had the bayonet. For want of the power of coercion, many of our voluntary combinations for protection against wrong prove to be totally inadequate to the end in view. Labor organizations, when aiming to secure compliance with a reasonable demand or the redress of a grievance sometimes fail for want of executive unanimity. Voluntary association must embody the elements of executive power, or it will be overcome by a power greater than its own. What could the farmers of Kansas and Nebraska do by voluntary combination to get reasonable freight rates on corn from way stations to Chicago? What could the managers of the granger movement have done to discipline the lawless railroads, if they had confined themselves to voluntary associations looking to this end? They would have been laughed to scorn. Why? Because they would have lacked the power of coercion. Justice with her scales but without her sword would be as impotent as a figure of speech to secure the right between man and man. It was when the grangers made themselves felt through the strong arm of the State, that the railroad managers learned a lesson which they could learn in no other way.

Now, in regard to the various abuses to which attention has been called in the preceding chapter, are the people to depend wholly on voluntary association for correction and redress? How are the consumers of salt, kerosene oil, and a hundred other articles on which rings have made corners, to get the benefits of competition? Let any one (or many) refuse to pay an exorbitant bill fixed by a ring of manufacturers, and he would very soon find he had to deal, not only with the power of the ring, but with the power of the State itself. Every bill

is collected under the authority of the State, and thus it comes out that the power of inflicting abuses and wrongs on the many by the few under the innocent name of "business," is not so purely a voluntary thing divorced from State power as it might seem. And if manufacturing rings and common carriers act under the power of the State to carry their ends, why may not their customers whom they tax, consistently appeal to the State for protection?

Mr. Spencer has thrown light on this subject. In making his argument for popular enfranchisement (*Social Statics*, pp. 221, 222,) he shows how easy it is for the few to combine to effect their objects, but how difficult it is for the many to do so. He says: "Their mass is too great, too incongruous, too scattered for effective combination." The Spencerian argument is that the masses cannot make themselves felt through voluntary combination; therefore, they should have the franchise in order to make themselves felt through the government. This is their only hope, however difficult it may be to make the government the general instrumentality of justice to all classes. The people must learn to redress their own grievances, and for this purpose they must use some organization at hand with sufficient executive power to compel obedience. This is to be found in the State only. In this country, as we have seen, the people founded the State,—why should they not use it for their protection against selfish combinations, which, by indirect means, are taking from the people the unjust toll of greed?

44. ONLY THROUGH THE STATE CAN THE PEOPLE REDRESS THEIR GRIEVANCES.—I am well aware of the difficulties to be encountered in securing equity by the voice of the people even in a republican government. The people at large can hardly be made to understand so well what their interests are, and to labor for them so effectively, as certain classes are made to understand and work for class interests. This has always been the trouble and it is the trouble now. But, on the other hand, I am just as well aware that this is the only road on which

approximate equity is to be secured. If the people are not able to use the instrumentalities of the government for redress, they are certainly not able to create other instrumentalities and use them effectively for this purpose. If the people cannot, by concert of action, arrest plutocratic aggression through the strong machinery of government, they cannot arrest it through the feebler machinery of extemporaneous device. I know very well that the governmental machinery is a good deal out of order and in need of renovation and righting up to put it in good working condition. "Ay, and for that very reason," retorts *Laissez Faire*, "you cannot use it for the ends you have in view." But what has demoralized it? Very largely, the very class interests whose extreme self-seeking we ask to abate. The successes of unscrupulous greed have tainted the whole social body, till the government itself has come to be regarded very largely as useful mainly in the opportunity it affords for "jobs." Now, to work for the correction of plutocratic abuses by means of feeble outside-machinery, while the plutocrats are working the strong government machinery to maintain and further their aggressions, is to waste energy, and nothing effectual will be done to restrain the granting of privileges and the building up of monopolies. If the people cannot so correct the action of the governmental machinery as to make it efficient for their aims, they cannot by any voluntary means effectually counteract the selfish and corrupt use of the State machinery by strong and unscrupulous men. I repeat, if we are forbidden to resort to the government for redress and correction, no redress or correction is to be had. Perhaps total impotency of the great body of the people in presence of a few strong classes is the grim fact. I do not say it is not, but surely it ought not to be; and, as yet, we do not positively know what may or may not be done to reform the action of government and make it subservient to the general interests of the people. The need has not been sufficiently felt, and, in consequence, but little has been done on this line. There is at least sufficient uncertainty in the matter to make

it an open and unsettled question, and, while this is the case, endeavor should be made along the line on which there is most promise of success.

I am painfully aware that there are economists high in authority who preach that all is well; when every intelligent and unbiased person knows that all is not well. Some of these economists when compelled to recognize the existence of business wrongs, say, "just let them alone, and self-acting economical principles will right them." They pointed lately to the fall in stocks, and exclaimed, "see how the water is wrung out of them without any State interference!" Ah, yes, at last. But what had the water done meantime under the highly philosophical principle of non-interference? It had served as a basis for high local charges for freights, messages, and the like, thus securing good dividends by fleecing the public, so that, notwithstanding its water, the stocks maintained in flush times a good reputation on the market, and widows and orphans (the same widows and orphans that are used by these economists as buffers on the silver question)—and widows and orphans invested their funds in these stocks, and now that the water is wrung out, the hearts of the widows and orphans are wrung, too, but the wily manipulators have none the less made their millions. Ah, yes, economical principles may of themselves right the wrongs, and in so doing inflict more wrong than ever. Has justice nothing better in store for us than this?

45. WORK OF CORRECTION THE GOVERNMENT SHOULD DO.—To ask that the government should use its power to correct wrong, is not to ask that it shall do for the people what they can better do for themselves. What is wanted is that the government shall do what voluntary effort without the means which the State affords, cannot do. First of all, the government should be made to correct the abuse which in times past it has, under the manipulation of unscrupulous men, helped to bring about, such as the extortions and discriminations of railroads, telegraphs, and other monopolies operating under franchises from the State. Secondly, it should be made to do

what is feasible to protect the masses of the people against the greed of business concerns which take advantage of "business principles" under the technical protection of the laws, to build up fortunes for the few out of the hard earnings of the million. And lastly, the government should do, for the general good, certain things, not of a negative but of a positive character, which do not come fairly within the scope of private enterprise. And, in saying this, I must disclaim any sympathy with the view of those extremists who wish to supersede private enterprise with the public management of business in general. There are kinds of business which are especially adapted to individual management, as for example, the cultivation of a farm, the management of a shop, all productive business, buying and selling commodities. The government should, of course, undertake to do none of these; it should simply protect. But, on the other hand, there are kinds of business which cannot safely be entrusted to unrestrained individual management. These kinds of business are public or semi-public in character. They directly affect the community in a large way, and the community should have some voice in them. They should either be done by public agencies, or be done under the supervision of such agencies. I am very well aware that in all this we have but to choose between systems, each of which has its peculiar evils. But under the changed conditions of modern development, the system of a greater extension of governmental duties with the evils inherent therein, may be far better than the system of non-interference with the evils it necessarily involves.

46. EVOLUTION IN GOVERNMENT.—*Laissez Faire* says: "You will greatly increase the functions of government with bureaucracy and centralization to correspond." Very well, but is this not made necessary by the very conditions of a high civilization? And is not this movement essentially that of development? What is the course development takes? Witness it in the living organism: the differentiation of parts unlike each other and performing a diversity of functions under the

control of the central nervous system. The more the parts increase and the greater the diversity of functions they perform, the more dependent each part is on the others, and this interdependence renders integration, or the coördination of all into one, a necessity. History shows that this principle is illustrated by the development of government as well as by the development of the living organism. Among primitive peoples government has little diversity of parts corresponding to little diversity of functions; but as society advances, the parts, organs, or institutions increase in number to perform the increasing number of functions which arise, until what was at first very simple becomes at length very complex. That is, it pursues the usual course of development. It is the close relation, the intimate inter-dependence of the multiplied interests and functions of the highly civilized society that renders central supervision and direction absolutely necessary. Every advancing civilized government on the face of the earth is to-day illustrating the truth of this view. Government must assume the supervision or the direction of certain functions, because, under individual management they are perverted to wrongful ends. And, besides, symmetry of relation can only be maintained by unity of direction.

I have a very distinct recollection of the source whence I derived this view of evolution in government. In April, 1857, appeared, in the *Westminster Review*, a momentous essay on "Progress: its Law and Cause." This essay was followed by another, in the *Edinburgh Review*—I think—on the "Social Organism." About the same time, I read Guyot's "Earth and Man," Guizot's "History of Civilization," and Comte's "Positive Philosophy"; and these with the two review articles created for me an intellectual epoch. The interest I felt at the time in the system of thought they combined to establish, was soon after greatly intensified by the events which threatened to destroy the American Union. I looked over the historical ground for myself in the light of the principles Mr. Spencer had so ably brought into view, and I said, this Union will

stand. It comprises a diversity of mutually dependent interests bound together by ready facilities of intercommunication and unity of control, and it cannot be easily rent asunder. And this little picture came to mind: Jefferson Davis and his confederates in their little boat of secession rowing confidently but unconsciously against the tide of history, till the tide swept them down. And often within the last few years this old vision of '61 has been called to mind by the extreme efforts of the *laissez-faire* school of economists. There is scarcely anything of a practical character to encourage the extreme advocates of non-interference, but the hearty cheers with which they hail the literary efforts of one another. The swallowing up of the smaller industries by the larger; the coalescence of the different branches of the same business into one subject to one head, thus subordinating competition to monopoly; the supervision by government of general interests pertaining to education, health, and the protection of the feeble against injustice; the assumption by every progressive government of new duties made necessary by the new modern conditions;—all these and the like constitute the current tide of history, and the little boat of *Laissez-Faire* will not be able to stem it, and the tide will not be stayed. I am compelled to take this view of the matter from what I understand to be evolution itself. How Mr. Spencer, who has wrought out this law so thoroughly, could also write certain passages in "The Man versus the State," I cannot clearly comprehend. Sometimes an early impression becomes so fixed and absolute in the mind as to defy relation, and is afterwards reproduced in spite of broader views meantime taken, which are incompatible with it.

Government has been derived from a sort of family arrangement among little groups of mankind, in which the acts of one member very directly affected the interests of all other members. This was the situation under feudalism, and, in consequence of this close relation between the members of society, there was a great deal of regulation by custom and law, the stronger and superior using their authority to direct the social

and individual proceedings of their dependents. Of course, the powerful abused their privileges more or less as usual, and imposed rules for their own selfish purposes. When these isolated feudal communities became integrated into larger organizations, the habits of life heretofore prevailing were not laid aside at once, and still there was a great deal of regulating done by the sovereign authority. The industries of the people, how they should do this or that, what they should eat and wear, what games they might or might not play, how they should buy and sell, what should be exported or not, what laborers might or might not do ;—it was supposed that nothing would go right unless it was regulated by the central authority. With the accumulation of experience and the increase of intelligence, it became a question whether some of this regulating could not very well be dispensed with. So much regulation sat awkwardly upon the times and became uncomfortable, because it was the survival of conditions which had been outgrown. For many generations this gave character to a political movement with conservatives on one side and innovators on the other, the latter constantly gaining ground by the success of their efforts to get rid of some old restriction on social life, industry, and commerce. Freedom so expanded that a man might cultivate his own acres in his own way, and a laborer might go where he could get the highest wages and do the best for himself and family. But there were so many of these ancient restrictions, and it required so much time and effort to remove them under the slow change of conditions, that some writers appear to have formed the idea that this is a movement which is to continue till political government shall become only a shadow of its former self, to be used only in a negative sort of way for the protection of individuals and classes in carrying out their own schemes in their own ways, according to the measure of their powers and opportunities. This implies that political government is not subject, under the general development of society, to the law of evolution. It implies that it is subject to attrition and decay. We think



this a mistaken view. It overlooks the development of higher organs and functions, while those which served the organism in earlier stages assume the rudimentary condition, or undergo absorption and removal.

At the very time that the nations were getting rid of State interference in one direction, they were developing conditions which called for State interference in a different direction. The isolation of peoples and communities was disappearing before the improved means of intercommunication which brought them more closely together. The isolation of classes and interests was also disappearing under the division of labor and the exchange of products, thus making classes and communities dependent on one another in what concerned the means of living. This mutual dependence was binding the several classes and communities together more intimately than ever before over the large areas of territory now constituting kingdoms. There was integration and consolidation in a much higher form of the social and political organism, than had yet taken place in the course of history, corresponding with like phenomena in the higher types of the organic world. And, as in the organic world, the complex dependence of organs and functions requires central control as the condition of a harmoniously working unity, so the like central control for the same end is required in the political organism, the nation. This is the reason why, in spite of the protests of *Laissez Faire*, the governments have been constantly assuming new functions, and complicating their systems of administration. This becomes necessary to meet the exigencies of the case and prevent undue encroachments upon the weak by the powerful in the midst of so great a diversity of interests, among which, by their nature, there is more or less ineradicable conflict.

The multiplication of functions which has taken place in political government within the last 200 years, is not simply the result of splitting up the old functions without change of character. The process has been one of differentiation, the new functions made necessary by the new conditions diverging

in character from the old. Among these new functions may be named: Providing for general education; protecting women and children from torture and death in certain kinds of manufacturing establishments; providing penalties for the adulteration of food; stamping out the contagious diseases of animals; protecting animals from cruel treatment; looking after the sanitary conditions of human habitations with a view to their improvement; studying up new industries and testing their value; protecting the weaker party to a contract against overreaching by the stronger party, and not as formerly helping the stronger party to still greater advantage; regulating monopoly, not in the interest of government officials as in times past, but in the interest of the people. Some of this obtains in little more than theory, and much of it is imperfectly done; but the fact that the governments of the civilized world are more and more undertaking to do such work in answer to an efficient demand, shows that it is in the line of a general tendency—that it is in “the natural course of things,” if you please. All these special functions mutually inter-related could belong only to a high order of organism under unity of control. Hence more distinctly marked political centralization.

47. THE TYRANNY OF VOLUNTARY COMBINATIONS. — Mr. Spencer believes that the Liberals have changed front by confounding two very unlike things. At first they did good by repealing restrictive legislation; but, forgetting by and by that the good done was the result of repeal, they referred it to direct legislation, and were hence led to the enactment of restrictive legislation for the good they expected it to do, thus reversing their early method. Is it not, however, Mr. Spencer that makes the mistake in supposing, because government had done good by repealing old meddlesome legislation which never had any use, or had lost its usefulness, that this process is to go on without limit till government shall be reduced to a very simple organism? Is it not discernible in the very history which records the abrogation of restrictive laws, that conditions are arising which require the assumption of new duties

by the government to meet the new requirements of society ? To assume that getting rid of wrongful interference with the freedom of industry, indicates continued release from restrictive laws, till there is little for the government to do, is, to my mind, something like the mistake those make who assume that, because the condition of workingmen has improved during the last two centuries, it will, by some occult and absolute law, go on improving without limit or reaction. (Sec. 5.)

I suspect that the basis of Mr. Spencer's error, if error it be, is to be found in his radical assumption that mankind under industrialism will outgrow the need of compulsion. I fear compulsion is so intimately bound up with the human constitution in its relations to society, as to be quite ineradicable. Human associations and organizations of various kinds are making little progress as yet in the art of getting along without compulsion, as Mr. Spencer concedes, and they are likely to go slow in this direction for a long time, as Mr. Spencer admits, so that the amiable view he takes of the matter can be realized, if at all, only in the far-off future. It concerns us mainly as a theory with little relation to the present, and we have hardly the means at hand to settle it even as a theory.

While it has to be admitted that compulsion is an element in every organization, I apprehend Mr. Spencer magnifies the compulsion which is inherent in political organization. In order to give an adequate conception of the tyranny of political government, he shows how tyrannical even voluntary organizations may be (Man vs. State, 4). But on pages 109 and 110 of the same work, we find the following : " Being carried on by voluntary coöperation instead of by compulsory coöperation, industrial life as we now know it, habituates men to independent activities, leads them to enforce their own claims while respecting the claims of others, strengthening the consciousness of personal rights, and prompts them to resist excesses of governmental control." An error of fact is this, we fear, except that these coöperative bodies do resist governmental control, and naturally enough, since they are success-

fully taking the tyranny of control into their own hands. The very worst tyrannies we have to contend with in the interest of general justice and freedom are the tyrannies of coöperative bodies. The management of most of the industries is consolidating more and more by a voluntary tendency which adapts business to the exigency of the times. It is not only consolidating, but concentrating in the hands of the few, and this process will probably go on further than we are now able to see. These few hands assume to act for the coöperators, and they wield a tremendous power. Do they simply "enforce their own claims while respecting the claims of others"? Let their acts tell. They enforce their claims with a rigid hand, and with personal motives grasp all that is to be had. Why should they not resist governmental control? They are intoxicated with power, and no tyranny ever yet submitted with grace to orderly regulation.

As I understand Mr. Spencer, he regards the tyranny of modern governments to consist mainly in taxation for unnecessary and wrongful purposes, thus making the struggle of life greater for the better sort of people. This is precisely the evil more and more brought upon the better classes in society by voluntary rings that pay works to lie idle and tax the people for dead rent. (Sec. 41.) Whatever reduces supply to defeat competition and keep prices from falling with the improvement of machinery, taxes honest people for the benefit of those who are not honest. It is true that these voluntary combinations have power to execute their devices under protection afforded by the State, but this does not explain away the inherent despotism of these combinations. Their thirst for power to execute their plans is so great that some of them ask that the State shall give them legal authority, with penalties attached, to compel obedience from all the coöperating members. In railroad pools the treachery of members, in secretly violating the agreements, thwarts the aims of the pooling arrangement, and Messrs. Fink and Adams want the State to endow railroad combinations with State power; but they and

most of the great managers deprecate interference. They want business to take its "natural course" and work out its beneficent purposes, wielding State power, it is true, but in no way to be controlled by the State. The love of power does not abate with the progress of civilization. It may find less harsh and more indirect ways for its exercise, thus shifting its methods, but it is substantially as arbitrary in character as ever.

To an extent which is already threatening, these voluntary combinations are self-seeking, aggressive, irresponsible. They subordinate whatever they can to their interests, and substantially recognize no principle but success, crush whom it may; hence the need of regulation by a power that represents the people. De Tocqueville thought that manufacturers were the greatest offenders in this direction, and most needed regulation. If he had written a few decades later, he would have found actual evolution in the powers and devices of unjust gain, and would have been compelled still further to check his philosophical inclination toward the doctrine of letting-alone.

Although governments have been and still are largely used to make the strong stronger in the conflicts of life, the theory of government is that it shall protect those in need of protection by securing justice to all. Formerly individuals and families undertook to avenge their own wrongs, but government has universally taken in hand the settlement of open disputes, thereby affording protection to the weak through the administration of justice—and, corrupt as this often is, it is preferable to the old methods with its bitter feuds. The exercise of force is necessary to better method; and yet it may be a far more benignant exercise of force than that which is used by rings and syndicates for selfish ends;—far more benignant and just because held to be responsible. It is here especially there arises an admonition to the people not to neglect the duty they owe to themselves.

48. LIMITS TO INTERFERENCE.—Now, since there is no political movement without its accompanying drawbacks, its per-

versions, abuses, dangers, therefore should the extension of the political functions into new fields, with the centralization which this process necessarily involves, be made only in reponse to the obvious needs growing out of new conditions. Such extension of political functions can take place only under resistance, and the resistance is to be welcomed for its office of preventing too great precipitation and the consequent evil that belongs to whatever is premature. Attempts might be made to thrust the national arm into spheres of action where there is no legitimate demand for it. It has no right to meddle with private business properly such. It has no right to displace local self-government. What concerns local questions can best be determined under local conditions, and any attempt on the part of the central government to manage local affairs is downright despotism. But in our country, for example, there are interstate forces which defy State laws, and such must be dealt with by the general government. The functions of the individual State (in our system) may also extend into new fields, covering operations which are comprised within the jurisdiction of the State. It may have its own system of schools, its game laws; it may regulate its insurance companies, its local canals, roads, railroads, warehouses; it may protect its women and children as laborers, and generally use such oversight as may be necessary to prevent strong individuals and classes from indulging in unjust aggression toward weaker individuals and classes. Whatever may thus be done efficiently by the local government, whether of city, township, county, or State, should be done by it, each being regarded as so far a complete political organization within itself. But outside of this and beyond, there are aggressive forces in society which only the nation can properly supervise. The tyranny of long hours of labor in the great industries is really one of these; the length of the labor day should be uniform to the greatest possible extent. It should even be international, the conditions of protection requiring general concert of action by taking away the economical advantage from the

selfishness, greed, and cruelty of long hours. Marriage laws should be uniform throughout the civilized world. Lines of railroad which extend from State to State, long lines of telegraph, express lines, all of which have the power of extortion and discrimination, cannot be regulated to the standard of fair dealing, except by the power of the general government.

49. THE MODERN CHANGE IN THE STRUCTURE OF SOCIETY.—A hundred years ago when liberal men were agitating to get rid of hampering laws which had come down from other times, there were none of those powerful combinations of management which aspire to divide the empire of business among themselves. There were indeed guilds of artisans and merchants that sought to get rid of competition, but owing to the want of facilities for ready communication, their operations were mainly local and could not assume the imperial form of some of our modern combinations. There were no great industries employing many thousands of laborers, and subject to the control, without competition, of a few autocratic managers, who recognized no aim but profit, no guide but self-interest. There were no great combinations of trunk lines commanding the great internal commerce of the country with the authority of a Cæsar, and making their least word felt at every hearthstone in the land. A craft guild had for its object the advantage of those who formed the fraternity, and it might, by reducing the number of apprentices and the hours of labor, limit production and keep up prices, but the rules having this object in view, must be submitted to the town authorities for approval; and this approval was held to be grounded on the principle that the general good, and not the gain of the special craft, was the aim to be kept in view (Cliffe Leslie). The whole structure of society has changed within the last century or two, and what was fitting in times past may be very far from fitting now; a fact, of which, it is to be feared, our extremists of the *laissez-faire* school have not made sufficient note.

Instead of a head workman, with a few journeymen and apprentices, we have now huge manufactories, any one of

which, with its facile machinery and its thousands of operatives, will do as much work in a day, as one of the little shops of old would do in a life-time. Business becomes in this way more and more concentrated, more and more under the law of combination, less and less under the law of competition. Has *Laissez Faire* duly made a note of this? It is far easier now than formerly for combination to get rid of competition. Under the influence of the habits and traditions, as well as under the influence of corporation fees, some of our great lawyers assume that all this business is conducted as if it were subject to fair competition, and that it is private in character as if it had nothing directly to do with the public; and they say the State must not meddle with this private capital and private business. But none the less are we face to face with the fact that elevator rings, Standard Oil rings, coal rings, quarrymen's rings, and a hundred others are daily drawing from the substance of the people in violation of the principles of common justice. Has the State no right or power to reach out its arm for the protection of those who suffer from such wrongs?

When railroads first came into use, it was supposed that competition would regulate traffic on them as on waterways. But this was soon discovered to be a mistake, and the aphorism of George Stephenson proved to be true that, "where combination is possible, competition is excluded." To some extent railroad management has been able to baffle competition. Some of our reformers appear to be determined that railroads shall compete. They hope to effect this object by means of restrictive legislation; but, in attempting to do this, are they not trying to row their little boat against the tide of history, as the ultra friends of *laissez faire* are doing? Does not such an attempt ignore one of the most imposing movements of modern society? It is in the concurrent action of the industrial forces to absorb the smaller industries and businesses into larger ones, each being subject to management by a single head. This movement is not confined to railroads alone;

it is general. If railroads are to be forbidden the power of combination in order to maintain competition, then ought the same regulation to apply to all industries. To forbid combination, and to force competition on all, would be meddling, indeed. It would be to reverse the present tendency of things and thwart the course of modern evolution.

There is great economy in combination, and to forbid it would be an arbitrary interposition of power to prevent economy in business methods. It would be carrying out the unnatural decree that action shall not take place in the direction of least resistance, even when such action may accrue to the benefit of all. Never mind: the tendencies of modern civilization will go on whether extremists at the one end dictate that the government must interfere to stop a fundamental and wide-reaching movement, which proceeds from the very conditions under which the industrial and business forces must act—combination; or the extremists at the other end declare that government shall not only permit these forces to combine, but shall protect them in whatever course they take, ignoring the possibilities of abuse. What, it seems to me, is clearly pointed out by a review of the modern situation, is that combination must be allowed to proceed, even if it put a quietus on competition in many ways, and that the great body of the people on their part must combine to act through their government for the regulation of these great businesses and combinations in the interest of justice and the common good. Not every great business requires supervision. Much depends on the nature of the business, and still more on the nature of its managers. Some managers are noblemen by constitution, who do business on higher principles than those of selfishness and greed. There should be no supervision where there is no need of it; but where there is need, there should be a responsible tribunal ready to do as best it may what justice requires to be done.

Let us take the case of railroads. The government has even commanded that continuous lines under different managements

shall unite into one line under a joint management, so as to facilitate shipping; and, when such lines voluntarily combine, greatly to the increase of such facilities and the economy of carrying on their business, surely they should be permitted to do so. This amalgamation or consolidation of roads is an economical movement, which corresponds with the course taken by other industries, and there is no reason why it should be made an exception by restrictive legislation. Pooling in its different forms probably belongs to the same category with consolidation. But, when roads consolidate and pool, they have great power to commit abuses, and they have not hesitated to use that power. Sixteen years ago Mr. Charles F. Adams declared that "Vanderbilt, embodying the autocratic power of Caesarism, introduced into corporate life the Erie ring, representing the combination of a corporation and the hired proletariat of a great city. The system of corporate life, as applied to industrial development, is yet in its infancy. It always tends to development, always to consolidation. It is ever grasping new powers, or insidiously exercising covert influences. Even now the system threatens the general government." Much more in this vein might be quoted from Mr. Adams, but we have not space, and there is really no need. Mr. Chittenden's testimony before the congressional committee depicted the organization and power of the great railroad federation over which Mr. Fink presides. This federation embraces more than forty roads, and its head, responsible to no tribunal representing the people, "to-day exercises a power for good or evil over the commerce and products of this country greater, not only than that of any of his contemporaries, but greater than any man ever before exercised in this country."

If, as Mr. Adams said, this great power threatened the government years ago, what is to be thought of it now, when it has assumed much greater proportions, and is still growing? The confederated railroads under a single control employ several hundred thousand men, and are capable of much con-

cert of action for a common end. They are gifted with an omnipresence in business over an immense territory. Before a product can pass from the producer to the consumer, this confederation of carriers must have its toll. It thus becomes a partner in every business, and may even, and often does, play the part of a dictator. It has grown to be an empire of business within the political empire; and, not content with sticking to business, it has entered the political field with corporate motives, corrupting legislators to do the work it wants done, and not to do what it does not want done. It has sent its attorneys and officers into both houses of Congress, seated favorite judges to secure friendly verdicts, and suborned others to pervert justice. It is a powerful factor exercising a deeply corrupting influence on the political agencies of this country. Mr. Adams truly says, "The public corruption is the foundation on which corporations depend for their political power"; and he goes on to describe the process. Mr. Adams may have changed his mind since he became a great railroad president, but that does not invalidate the truths he spoke as a railroad commissioner.

Is it safe to let this power go on without national effort in the direction of control? It does not let alone; it meddles with everything that touches its interests. It goes into the political primaries, into the conventions of both parties, into the campaigns, into the lobbies of legislatures and of Congress; its hand is felt everywhere. Is this growing, meddling, autocratic power to be let alone? *Laissez faire* presumes free and fair competition; this power is struggling with some degree of success to strangle competition, and it thereby forfeits its claims to protection under the broad doctrine of *laissez faire*.

50. IS GOVERNMENTAL CONTROL PRACTICABLE?—There is a question as to the ability of the government to afford protection against the abuses of business combinations. These combinations may defy the government and render its acts nugatory, as Congressman Phelps declared in his place last

winter. But this was hardly more than a threat—a remaining vestige of the old arrogance, which shows the will rather than the power. Arrogance comes of irresponsible and unchecked power, and contemptuous arrogance was abundantly manifested by railroad magnates when the State legislatures first undertook to deal with them a dozen years ago. Some of the railroads have already so far submitted to State control as to afford a warrant that they are not too strong to be dealt with by the national government. It is to be expected that errors will be made in first attempts, and that repeal and amendment will be necessary to correct and strengthen the work. The great need will be for earnestness and honesty in those who undertake the task, and these are hardly to be had while there are so much ignorance and apathy on the part of the people in general concerning the new problems which are springing up under the modern conditions, and urgently requiring to be dealt with by all in the interest of all. In this view of the case, the teachings of *laissez faire* have no application. The people must first be instructed in the methods by which fair competition is circumvented and the aggression of the few against the many made possible and successful; and secondly, in the means by which the monopolies so established are to be restrained in their taxing power over the earnings of the people.

With regard to the duty the people owe themselves to see that their government protects them against the power of those institutions it has called into existence by the granting of franchises, it may be said that there is now a pretty general consensus of intelligent opinion, that there is sufficient encouragement as to the practical nature of the work to warrant the government in undertaking to do it. With regard to the governmental control of voluntary combinations which without charters use private capital in such a way as to establish a business tyranny that overcomes competition, limits production or service, and sets its own prices on services rendered or articles produced, there is not the same unanimity

of opinion. There is no doubt a general feeling arising from precedent that there should be no State control when the enterprise is carried on with private capital and without special powers from the State. But when these enterprises assume industrial functions which belong to civilized life, they directly affect the interests of the people at large, and the people cannot afford to be indifferent to the way in which these industrial functions are performed. If the managers are able to shape their business into a monopoly by arbitrarily crushing competition, they obtain an absolute power over markets which should be free, and it becomes the duty of government, under such circumstances, to protect its people. As long as competition remains, no matter how many rings are in the business, the State is in duty bound to let alone. Free and fair competition will of itself usually take care of the interests of all. When such competition is overthrown and monopoly established by the chicanery of an exclusive ring, there is palpable aggression on the rights of others, an aggression which defies the accepted principles of political economy and outrages the better instincts of civilized life. And are we to be eternally told that all this is legitimate and not to be meddled with ? The government is bound by the alleged purpose of its institution and existence, to interpose resistance. The machinery already exists for doing this. When a State crushes out a little ring of boatmen on the Erie canal, formed to avoid competition ; and when another State regulates elevator charges in the city of Chicago, there is precedent for interference. If it is a violation of common law to exclude competition by combination and extort from the people, it should be dealt with by law. And when it is only a little ring—and that, perhaps, not exclusive as in the case of the boatmen—when it is only a little ring that is subjected to discipline, the thing seems to be easy and natural enough ; but when the big, exclusive rings are threatened with justice, there is great outcry, and philosophy and political economy are summoned in protest against the contemplated outrage to business

freedom. Yet it is these very rings that are committing outrages on business freedom ; and it is for this very reason that it is incumbent on government as the supreme power pledged to the protection of all in the interest of equity, to deal with them.

Very largely these rings are now able to maintain themselves under the narrowing of the field of competition by our tariff laws. No doubt a good many of them would dissolve, if deprived of the protection which a high tariff affords. But it is quite possible that many of them would continue to operate as before, being protected by the nature of their business. An elevator ring, for example, is not affected directly by tariff laws. With no rival quarries of Waverly sandstone in Canada, the Waverly sandstone ring needs no "protection" to enable it to maintain its monopoly. Even with the freedom of competition which the repeal of high tariff duties would restore, there would still be a field for the governmental supervision of monopoly rings.

With regard to the third class of cases—those adapted to governmental rather than to voluntary management—there is likely to be much diversity of opinion as to what cases really belong to this category. There should be a thorough investigation previous to action, since every case must stand or fall on its own merits. There are some enterprises considered as worthy which would hardly be carried out at all, if left to voluntary agencies. This is true of most improvements required by civilization and usually made by the State. It may be true, also, of enterprises that are generally regarded as falling properly within the province of voluntary endeavor. As an example we may name the building of the Washington monument. This was undertaken by a voluntary association which proved to be unable to complete the work. Mr. Corcoran acknowledged this at the dedication services, and in the name of the Association, he thanked Congress for taking hold of the enterprise and completing it. The question here is not whether this particular work was a desirable one ; the question

is whether the people wished it to be done. Perhaps ninety per-cent of the people of the United States would have expressed themselves as favorable to the enterprise, and yet they would not contribute, though perfectly willing to be taxed, for the purpose. This shows how much more efficient than any voluntary association the State may be in executing the public will.

The improvement of roads for general travel and traffic may be taken as a type of work of public concern which public authority only is competent to do. To the same category belong the protection of society against the lawless, provision for the care of the insane, blind, mute, and such unfortunates as have not friends to care for them suitably; also, provision for common school education, and especially for the practical education of those classes whose members are most likely to become discordant elements in society and a burden to the public. Such need for education points to the encouragement of industry and frugality by proper teaching and the establishment of people's banks for the security of savings. The care for the needy should by no means be left to private enterprise without concert of action, and sure to encourage in many ways the very evil it is trying to remedy. This tax on society should be equitably borne by all, and the work of relief should be systematically done on the best ascertained rules for accomplishing the most good with the least evil. It does not set aside the expediency of this course, that instances may be given in which the government meaning well has done more harm than good. The same argument would apply with greater force against private charity.

51. DOES NEGLECT OF THE POOR FAVOR IMPROVEMENT IN THE RACE?—Perhaps this question is legitimate, since we are referred by high authority to the law of natural selection as if it were or should be operative in society. If the feeble and unfit were cherished and preserved by an overruling power, in a state of nature, the transmission of enfeebled qualities thus made possible would deteriorate the race. This is the law

of the air, the woods, and the waters where might, cunning, and luck have full sway. This law has also prevailed largely among men, and done a great deal to make human history (as well as natural history) what it is. It appears that some of our teachers wish to see this law of the woods in full force among mankind. Hear one of them: "Nature has no system for handicapping superiorities. On the contrary, she gives them full operation. The State in establishing justice does not aim to correct nature in this, but to leave her laws undisturbed" (Sumner's *Collected Essays*, 100). This is what the bully at school thinks when he is treating his fellows to some practical experience of his own superiorities. After a few applications of the birch, however, he may discover there is a higher power than his own that is able to inflict penalties for mistaken manifestations of his personal transcendencies. If of a reflective turn of mind, he may begin to realize that it is a function of equity at times to handicap superiorities. The highwayman does not believe in handicapping superiorities when he demands the traveller's purse. It is the law of the woods where the weak become the prey of the strong. The Standard Oil Company lived up to the same law when it beat oil consumers out of \$100,000,000 in a few years. There is not a ring of "financial freebooters" with its grip of greed on the people but believes in full range for its business superiorities, however much its victims suffer financial wrong. Mr. Sumner's pronouncement might be expressed more tersely thus: "Every fellow for himself, and the devil take the hindmost." [I retain this saying, which was in manuscript several weeks before I saw Dr. Lyman Abbott's article in the *Century*, "Danger Ahead," in which the phrase is used for precisely the same purpose I have used it. Another oft-quoted passage is used to characterize these teachings by the *Nation* reviewer of Sumner's *Collected Essays*: "The good old rule, the simple plan, That they should take who have the power, And they should keep who can."]

I regret to have to quote Mr. Spencer in this connection.

He maintains that the rule of sympathy which holds in the family is altogether out of place in the State. Here the law of selection under the struggle for existence should obtain in order that the fittest shall prevail for the good of society. He thinks this so obvious that an apology is needed for naming it. He says: "And yet, strange to say, now that this truth is recognized by most cultivated people—now that the beneficent working of the survival of the fittest has been so impressed on them that, much more than people in past times, they might be expected to hesitate before neutralizing its action—now more than ever before in the history of the world are they doing all they can to further survival of the unfittest (*Man vs. State*, 69).

I cannot make out just what this passage means. It seems to have in view a state of things that cannot exist in civilization. Efforts will be made to prevent people, however worthless, from starving to death and from dying in crowds amidst filth and disease. The law of the woods cannot be enforced here, and if it could, it would prove fatal to civilization. In taking measures for the survival of the unfittest, the fittest may be actually taking measures for their own preservation. If the passage has reference to the operation of the economical laws, then is there in it an assumption that is greatly in need of proof. The assumption is: Under unchecked conflict and strife in the woods, the fittest survive and multiply, making the race viable and vigorous; therefore, the same results must follow in society under the struggle to get on in the world, and "those shoulderings aside of the weak by the strong which leave so many in 'shallows and in miseries'" (*Social Statics*, 323), are to be regarded as means of improving the condition of society under the working of this natural law. The assumption is that those who are too weak to maintain their ground in society, naturally go to the wall and are eliminated, as the brutes are that prove to be too weak to maintain their ground in a state of nature. Is this the case, however? Is it the law of population that the economically strong in society multiply

faster than the economically weak? Is not the reverse true? The very strongest in an economical sense—those who fill the highest places in society—do very little toward multiplying and filling the earth with a vigorous and prosperous race. Such families are liable to become sterile and run out. Then take the great well-to-do middle classes;—are they remarkable for prolificacy? They might, indeed, raise very large families with a fair degree of comfort, but generally they do not; and it is noticeable that generally in this class, the size of the family bears no proportion, unless it be an inverse proportion, to the means of supporting a family. Why this want of prolificacy among the well-to-do? They have a position in society which they want to maintain, and they can do this better with small than with large families. But, whatever may be the cause, we know that, in this country at least, the fairly well-to-do are not prolific as a rule and are constantly becoming less so. How is it with the lowest strata of all? Go to the negro huts in the South and to the habitations of poor whites everywhere to see broods of children. "The poor man for babies," says the proverb. Why so? People who feel themselves reduced to the verge of want become reckless in the most important concerns of life, they marry early and breed without stint. It is these that are filling up the earth, so that Mr. Spencer's main prop to the doctrine that it should be in society as it is in the woods, falls to the ground. This assumption runs through Mr. Spencer's entire treatment of the subject. He opposes taxing the taxable for charitable purposes because it makes the struggle of life harder for the worthy to bear, and weakens their power to multiply, while it adds, as it is intended to add, to such power among the "good for nothings." He wants such return to the labor of the worthy man "as will enable him to thrive and rear offspring in proportion to the superiorities which make him valuable to himself and others (Man vs. State, p. 66); and he asks, "Will any one contend that no mischief will result if the lowly endowed are enabled to thrive and multiply as much as, or more than, the highly

endowed?" It is the highly endowed, as Mr. Spencer has elsewhere shown us (*Biology*, Vol. II, 403-411) that do not greatly multiply.

Mr. Spencer's treatment of this subject involves several assumptions: 1. If special care is not taken to preserve the good-for-nothings, they will not multiply. 2. Government is an arbitrary and not a natural institution. 3. Whatever comes about by the action of the social forces independent of the government is in the order of nature: Whence it follows that society is right enough in the conduct of its forces if the government will only let it alone. That form of interference against which Mr. Spencer's complaint seems mainly to lie, is that which aims at some kind of good work by direct legislation. Now, we know very well that governments may do a great deal of harm by injudicious laws of this class; but we fear it may also do a great deal of harm by using direct legislation to make the aggressively strong stronger still. This has been the leading form of governmental wrong-doing in all times past, and there is still a great deal of it. This is seen in the granting of franchises which may be made by unscrupulous men to deepen the inequalities of life. And again, we fear that selfish and strong men may do by voluntary association what animals cannot do: they may take an economical advantage which the many have not the power by voluntary association to resist, thus illustrating those "shoulderings aside of the weak by the strong which leave so many 'in shallows and in miseries'" to become reckless in marriage and in multiplying. These are the perversions and abuses of power that make the struggle of life harder for the worthy to bear; but it did not appear to come within the range of Mr. Spencer's treatment of the subject even to mention them.

A study of the methods of these business combinations with and without formal franchises, would bring out at once the difference between men and animals in regard to the course of natural selection. Mr. Spencer protests against taking the law of sympathy in the family as the law for guidance,

in statesmanship; we protest against taking the law of natural selection among animals as the law for guidance in dealing with human society. Among animals the phenomenon is limited to the struggle between individuals almost wholly, and the survival of the victor is almost sure to be the survival of the fittest. Among men the morally obnoxious, those having least sympathy and sense of justice, may combine against the more sympathetic and generous to prey upon them like vampires. The survival of the victors in such cases, when viewed by higher principles, is the survival of the unfittest; and, if they multiply as Mr. Spencer's logic assumes, they would fill the earth with moral degeneracy. Fortunately, however, their natural increase is quite limited, and by a happy principle of compensation, the evil done is avenged by the extermination of such.

To neglect the weak and deteriorated elements in society, would result in reckless multiplication and further deterioration in the general tone of society. It is the multiplication of the worst that prevents general education from making any considerable progress. The only hope is in improving the conditions of life among the lowly classes, and encouraging them to help themselves. Neglect will not have this effect. Only their realization of the fact that those more powerful than themselves feel an interest in them and are earnestly and cheerfully devising measures to enable them to meet by their own endeavors under just conditions the hardships of life,—only when they realize this will they lay aside the feelings of jealousy, animosity, and desperation now stirred in them by aristocratic contempt, and acquire that sense of personal worth which is necessary to growth in the manly elements of character. It seems to be a superficial view of the subject that supposes a virtue in natural selection where nothing is natural, and where the greatest accessions to human freedom have been achieved for the many by binding the self-selected few in the chains of law.

It is true, the doctrine of selection has a certain bearing on the movements of society. All the social forces are acting

under resistance; and, when the contest is between legal and personal government, the survival of the fittest appears to be establishing more and more the legal control of those agents in society that are most given to the abuse of their privileges. History shows that in the struggle for existence there has been some weeding out of unfit institutions; but the doctrine of natural selection has no application, among men as among animals, to the work of weeding out the unfittest as individuals. I had supposed that it was the general opinion among scientific men, that, since the devising brain and supple hand came into use, natural selection had little or nothing to do with the further evolution of the man as an individual, but only as a part of society. The devices of a genius were for the good of his kindred as well as of himself, and the extension of such devices to others was only limited by the measure of ability to understand and adopt them. The strong arms of the sympathetic protected their fellows as well as themselves; and thus it was that evolution affected society as a whole, and not the individual, except as he constituted a part of that society. The peoples strongest in survival have been those who were able to combine isolated individual powers into one for the good of the whole; and such combinations require not only individual intellect, but common sympathy and the restraint of present impulse. And thus it is that the principle of selection among mankind has directly acted upon institutions and aggregates of people, rather than on isolated individuals.

In society, our "lower classes" are indispensable to the existence of the "higher classes." The working classes, weak as they are in some ways, are yet strong in other ways; and the fabric of society would be frail, indeed, were it not for the strength they bring to it. If this view be correct, it would appear to be the duty of society to care for them—above all things to be just to them in the higher sense of justice, that they may become stronger in their own behalf, and by their very independence afford additional strength and safety to the general structure of society.

52. ARE THE BEATEN IN LIFE WORTH CARING FOR?—In looking at the relation of classes as revealed in history, in witnessing what their relations are now, and in seeing the light in which the so-called higher classes for the most part regard the lower, one is almost led to inquire whether it has not been in the order of things for the greater numbers of mankind to be in many ways subordinate to a smaller number. It is true that the masses are not now chattel slaves, nor do they appear to be quite as much as formerly "food for powder," still they are under conditions "cribbed, cabined, and confined," creators of wealth that is not theirs, of comforts and luxuries they cannot have, of conditions they cannot enjoy. And, since their deprivations can be traced apparently in a large measure to their own remissness and mismanagement, there appears to be room for the question whether they are worthy of the solicitude which sympathetic people feel for them. Perhaps the cynic who lets the world take its course without the least effort or apparent wish to change it, enjoying the defeats equally with the victories in life, may be about right after all. Perhaps the fine classes of society could not exist at all, if they had not a substratum of coarseness and vulgarity to rest on. Now, while it is probable that there always will be classes in society, it hardly seems necessary that there shall always be the same inequality in the means of enjoying life. While, at one extreme, there is too much for comfort, at the other extreme there is not enough. Long hours of hard labor with uncertainty of employment make life so meagre and wretched for the many that only beings of coarse and simple tastes can endure it. Between these and the cultured there is a great gap which prevents an exchange of the sympathy and good offices of a common humanity. By this the higher are deprived of an experience that is needful to make up a greater fulness of life than they now have. And so far as the poor lose the power of self-support, they become something more than a social vacuity without power to bless; they become a positive burden on the well-to-do, and bring

upon the whole social body a painful experience. The higher cannot divorce themselves from the lower; and hence it becomes the interest of every class, however independent it may feel, that all classes shall have such conditions of life as are necessary to the greatest practical fulness of manhood and womanhood. It is for this reason that the preying of the strong upon the weak, whether in the physical or economical sphere, is as short-sighted and suicidal as any gratification of a present impulse which ends in suffering the penalty of a violated law.

Mr. Herbert Spencer discusses this subject with clear insight and a noble spirit in his work on *Social Statics*. At the close of a convincing statement, in which he maintains that, as all the classes in society mutually affect one another, their moral status must be very much alike, he says: "Thus the alleged homogeneity of national character is abundantly exemplified. And so long as the assimilating influences productive of it continue to work, it is folly to suppose any one grade of a community can be morally different from the rest. In whichever rank you see corruption, be assured it equally pervades all ranks—be assured it is the symptom of a bad social diathesis. Whilst the virus of depravity exists in one part of the body politic, no other part can remain healthy" (p. 232). It is in accordance with this principle that American society has become "materialized" from top to bottom. The facilities for "making money" have brought about a general furor of acquisition, and the mushroom millionaire is the beau ideal of the youthful American. His name is in all the newspapers, and we envy him his gains when we condemn his methods. These plutocratic tendencies exercise a debauching influence at both ends of the social scale, and the middle is far from being exempt from it. With such a spirit pervading all the leading forces of society, it is easy enough to forget the beaten, and feel that, whatever may become of them, the superior grades of society will suffer no harm. But, on Mr. Spencer's showing of the moral homogeneity of society, this

is a mistake, and all must suffer together. Then, there is reason enough, why all possible measures should be taken to prevent the impoverishment and degradation of the "lower strata" in society. This hardly indicates a policy of *laissez faire* under which the strong shoulder aside the weak and leave them struggling with adversity in the face of bad example, and damaging the tone of the entire society. Have not just men something to do here in regard to the course governmental action shall take?

53. THE TYRANNY OF MAJORITIES.—Those extremists who would eviscerate government and prepare it for survival as a safe and inoffensive cadavre, appear to be quite unnecessarily alarmed about tyranny in the assumption by the State of new functions. When government was much more simple than now, its despotism was even greater. A government's assumption of new functions is not necessarily an infringement on the sphere of individual action. On the contrary the sphere of individual action may enlarge while the functions of the government are extending into new fields. Not only this, but such extension of governmental supervision may become absolutely necessary to prevent the multiplication of undue interferences with personal rights by the "bullies" of finance. The further civilization advances, the more intimate and closely related do human relations become, and hence the necessity of a strong and thoroughly organized head for the adjustment of relations among the diversified factors of society. To illustrate: Our railroad system has established new conditions, to which all legitimate business must conform itself on the presumption that railroad management will be uniform and fair. But when contracts are given favorite shippers at 15 cents per hundred from Cincinnati to New York, and then freights suddenly raised on all other shippers to 31½ cents per hundred, thus weighting the latter with shackles which prevent the fulfilling of their contracts;—or, again, when the pool suddenly raises freight, as in 1882, 50 per cent from New York to Chicago, or, as in 1880, 200 per cent from Chicago to New York;—there is

in such railroad management a violation of justice and a restriction of individual liberty. If the government can prevent such arbitrary business management, it will at the same time prevent the violation of justice and the restriction of business freedom which results from such violation. Whenever one party asserts so much freedom as to interfere with the equal rights of others, he should be summoned before the proper tribunal to be dealt with in the interests of common justice. And, if civilized government has no such tribunal, it is at fault, and should establish one. Such exercise of governmental power becomes necessary to individual freedom, and is not, as *Laissez Faire* assumes, an abridgement of it. I am conscious that this is but common place, but I reassert it to say that we have the high authority of Herbert Spencer for this view of the case.

There is one point on which the opposite extremists quite agree. Those who would reduce the government almost to a nullity are apt to lump together all acts of governmental interference and put them under ban in common. Thus, in a recent review in a high-toned journal, of Mr. Spencer's work, "The Man versus the State," the granger action against railroad extortion and discrimination in the West is named along with sumptuary prohibition, as if both were equally and in like manner violations of personal liberty. In the same way, those who look with a superstitious reverence to the State as the source of "the chief good" and the corrector of all evil, lump together all forms of governmental interference, and assume that if any one form is salutary, all the other forms must be. That is, if it is right for the State to prevent the adulteration of food, it is equally right to forbid to all the use of alcoholic beverages and stop their manufacture by destroying without compensation industries which have been honorable (as wine-making) since the beginning of civilization, and which have all along been carried on under the protection of the State. The confounding of unlike things in the first case given comes from the plutocratic bias ; in the other case, it comes from the vague

thinking which accompanies an overwrought condition of the sympathies.

Now, we do not believe that, under governmental action on such matters, this confounding of things so unlike is going to occur to a very large extent, or to be kept up long at a time in any direction. Such action can take place only under resistance, and, when it takes a wrong course, it will fail of execution like "prohibition," or be repealed like the laws providing secondary punishments for capital crimes. But the fact that the principle of interference is liable to be misunderstood and misapplied, is no proof that it is not valid, no reason why it should not be acted on. Every correct principle of action is liable to abuse. Mr. Spencer admits of such restrictions on the individual as are "needful for preventing him from directly or indirectly aggressing on his fellows—needful, that is, for maintaining the liberties of his fellows against his invasions of them: restraints which are, therefore, to be distinguished as negatively coercive, not positively coercive" (*Man vs. State*, 16). This would warrant the governmental regulation of railroads and rings when they establish monopoly by breaking down competition. But it is difficult to understand what objectionable restriction on the individual would be imposed, for example, by a system of national education. There must be rules and restraints even in voluntary systems of education. It is difficult to understand whose liberty would be offensively abridged by protecting women and children against long hours and unhealthy conditions in manufactories. The tyranny of the employer and of the husband and father might be abated in the interest of common humanity, that is all. If the State should take telegraphy out of the hands of a "financial freebooter" who has secured good dividends on stock two-thirds water, and should furnish the people with telegraphing facilities at cost, a burden would be lifted from the entire public, and business freedom would have wider range under better business conditions. Nobody would be hurt by such measures of governmental interference or management, except the ex-

tortionist, and he has no more right to exemption from the correcting hand of government than the robber or the slave monger.

Most of the cases in which the government assumes to act for the general good, are not such as are determined by mere majorities. They are usually undertaken by a sort of common consent, not even provoking criticism from the party out of power. Our own Interior Department with its numerous ramifications, of recent institution, is a case in point. At any rate, the assumption of a new regulative agency, if not by unanimous consent, is usually by thousands against hundreds; and we have Mr. Spencer's authority for giving preference to the thousands rather than to the hundreds (*Social Statics*, 221). The battle has always been fought before there is an attempt to put the innovation into a practical form. The great difficulty, in this country at least, is in getting regulative instrumentalities established, even after the desire has become almost unanimous to have them established. This is very plainly suggested by the speeches of congressmen on regulating railroad management. And the government will never assume the ownership and control of telegraph lines till there is at least ten in favor of it to one against it—that one being a doctrinaire or an interested stockholder. This alarm about the tyranny of majorities has little more than a theoretical foundation; it is the tyranny of the banded minorities that is stealthily deepening the inequalities of life and preparing trouble for the future.

It is not at all likely that the difficulties of this problem will everywhere be dealt with in the same manner. In the smaller nationalities of Europe there is a greater drift than in this country to State ownership and management. This is seen in their dealing with railroads and telegraphs. (*Cyclopædia of Political Science*, Art. Railways by Simon Sterne. Also, C. F. Adams' work on Railroad Problems.) In this very much larger country of ours, this tendency will doubtless not be so strong. The mind hesitates in view of the tremendous exec-

utive machinery necessary to manage the business of our great lines of commerce, travel, and intelligence. Some of these may be taken in hand by the government. The telegraph system probably ought to be ; but, generally, it may be expected that the government will establish only supervision, allowing the management to remain in charge of the companies. Wherever monopoly is established, the State must interpose. It is probable that, under the tendencies toward large establishments under one head, we shall have a body of exclusive industries regulated by the States and general government, so as to prevent as far as possible the abuse of power on the part of corporations, combinations, syndicates, and rings.

The great difficulty in this matter is to be found in the power which selfish interests are acquiring over the government, in order to thwart the attempts made to inaugurate a people's policy. The banking, railway, and high tariff powers are especially strong in Congress, and some of them are always strong in the administrative departments at Washington. It is difficult, indeed, under the present outlook, to conceive what may be the remedy for the perversion of method in popular government. I would be glad to feel assured that there is an efficacious remedy; and I would cheerfully do the little I may be able to do, to strengthen the tendencies which bear against the prevalence of class rule. The plain statement of the case is that the people do not properly share in the benig-nities of the government, because of their own ignorance and apathy in presence of aggressive agencies which they ought to resist. Certain classes secure government favors and the people are made to pay for them without knowing it. I do not like to settle down in the conviction that this is always to be so.

In studying the relation of the stronger to the weaker classes in society and the relation of reproduction to social condition, together with the means whereby certain classes have acquired and now maintain their supremacy, we may find perhaps an indication of the line along which endeavor must be made in order to secure the best results for society in general.

NOTE TO SEC. 51.—There are two leading conditions especially favorable to the natural increase of human beings. One of these conditions is to be found in new countries. A living is here easily secured, and the standing of members in society easy to maintain, because aristocracy has not yet made its appearance. Under such circumstances there is no stint on multiplication, marriage takes place early in life and families are uniformly large. There is room inviting population, and the supply is forthcoming. This condition of prolificacy is recognized by Montesquieu, Adam Smith, J. R. McCulloch, and many others; and Mr. Spencer may have been thinking of it when he wrote his chapter on "The Sins of Legislators."

The other condition referred to is that which we find usually in manufacturing districts and among the less ambitious classes everywhere. Here also marriages are early and families large. That this is true, a little observation will convince any one. Roscher says that "nothing leads men so much into contracting reckless marriages as the total absence of any prospect of amelioration of their condition in the future." And again: "Every class multiplies the more rapidly the less, according to its notions, is required to establish a family." Joseph Garnier observes: "Over-population is generally produced by misery, the essential characteristic of which is improvidence, which leads to premature marriages." According to Thornton, "Misery, the inevitable effect and symptom of over-population, seems to be likewise its principal promotor." And he thinks it will "be found that wherever population has received an undue influence, the people have been first rendered reckless by privation." This condition of rapid increase in population could hardly have been present to Mr. Spencer's consciousness when he wrote his chapter on "The Sins of Legislators."

CHAPTER VII.

THE RADICAL WRONG AND ITS REMEDY.

54. EQUITY IN THE DISTRIBUTION OF WEALTH.—Says my critic: "General results are against you; see the general prosperity everywhere—never was the world so well off;—why all this complaint? If corporations, syndicates, rings, combinations, were getting more than their share, and getting it out of the masses of the people, we should not have such general prosperity;—you must be mistaken." Let us look over this matter in a general way, and see. The results you speak

of by no means set aside the positive proofs of economic advantage unjustly pressed by the strong to the detriment of the weak. Conditions may be such—are such, indeed, that the public can stand a great deal of bleeding without depletion. A robust man, well nourished and saving of his strength, may suffer blood-letting year after year, and still remain a robust man; in like manner those among the masses who are industrious, well-managing and economical, may stand the habitual loss of substance by covert extortion, and still prosper. But let the man who has lost blood become in some way overtaxed by exertion under exposure, and he may suddenly succumb; it is just so with those who are bled in business. Every period of commercial depression sends thousands down the social scale who would not have gone down but for the constant bleeding they are compelled to endure.

I am well aware that statisticians—Giffen, Mulhall, Laughlin, have produced the solid figures to show that there is a general levelling up in the economic scale; that the well-to-do classes are not only gaining in relative numbers, but are becoming constantly better off, while the lower classes are rising under conditions of general improvement. Let us admit that there is no neglected factor in these statistical showings, and that all classes are improving in opportunity and condition; then the query occurs, are the lower classes gaining as much as they should gain under the increased facilities of modern life for the production of wealth?

In some industries one man will produce as much now as one hundred could fifty years ago, and generally, there has been an immense multiplication of human power over the forces of nature. Have the masses received their full benefit of this increase of industrial power? They drink more tea and coffee, eat more meat, and are better housed,—and their wages are higher, we are told. But have these wages gained at all in proportion to the increased facilities of production and advantages which some other classes receive therefrom? If so, why have millionaires sprung up, in later times, almost like

mushrooms, in a night?—millionaires commanding hundreds of millions, while it requires whole columns of fine statistics to prove that the laboring classes have gained anything? Even if the statistics show that there has been improvement in the condition of the working masses, they do not show enough; they should show that this improvement in wages, living, &c., has kept pace with the facilities for the production of wealth.

While the statisticians are at it, let them look a little further in this field. The virgin lands—millions of acres of fresh soil with all its stores of native fertility, in America and Australia, have been contributing to the general wealth of the civilized world for the last half century as they never did before. This advantage must be added to that of improved machinery for manufacturing and transportation. These statisticians tell us that wages have greatly increased in Great Britain during the last half century; but would they have so increased if there had been no new countries to draw off the surplus population? If there had been no migration, all these millions would have remained competing for work in the old country; and every economist not blinded by some optimistic haze knows that under such competition, wages would be far lower, and the laboring classes far worse off, than they are. Then the rise in wages has been due, not only to improvement in machinery and the cheapening of products, but to the emigration of surplus population and the development of resources in the new countries. Emigration has not only relieved the tenseness of competition for wages, but it has helped develop the new countries, and so helped the laborers who remained at home to cheaper living, thus contributing doubly to increase their wages. Machinery may not improve as much in the near future as it has improved in the near past; the better parts of the new countries are rapidly filling up, and, when full, no more surplus from a population increasing as rapidly as ever, can be drawn off;—what will be the condition of the laborer then? If life is a struggle with him now, what will it be

then? They tell us that the laborer's condition is not only better now, but that it will continue to improve. This does not follow necessarily from the fact of recent improvements; the status of the laborer sometimes goes backward, as it did from the 16th century till late in the 18th century (Sec. 5).

There is some question about the real character of those benefits which laboring people have received. Under existing conditions, the higher order of living which the masses may enjoy has its drawbacks, which appear very conspicuously every season of commercial depression, when these people by the hundreds of thousands are out of employment and out of bread. Then it is that their higher living becomes a source of suffering and discontent. With higher living there needs to be steady employment; but, with the increasingly large establishments of modern industrial life, the employment of laborers is becoming constantly more uncertain. Because of higher living the stores are sooner exhausted when there is no fund with which to replenish them, and the contrast of want with plenty is more keenly felt. It is in this country that this phase of the situation is developing itself most fully. Besides the absorption of smaller into larger industrial establishments, which, as a cause of uncertainty in the demand for labor, cannot be changed, there are two other causes of uncertainty. These two are especially active in bringing about the conditions of forced idleness to thousands of people who would be glad to work. The first of these causes is general; it is the constantly increasing purchasing power of the unit of value under the continued operation of gold monometallism. I have elsewhere stated how this depresses business and bears with severity on the most dependent classes (Sec. 27). The other cause relates especially to this country: it is our high "protective tariff." Protection has the effect of stimulating certain kinds of business for a time. This makes a demand for laborers, and it is partly due to this stimulus that the influx of foreigners into this country has been so great during the last twenty years. Many of these have been induced to come here

to supplant striking operatives, and were promised good wages without reduction, which promises have not been kept, because, probably, they could not be; and now, at this very writing (July, 1885), thousands of such are out of work and in want. The reaction will first make itself painfully felt in this country, because the very thing which relieves the old countries and helps the wage-earning classes there, is at the present time weighting us, and causing a decline in wages here.

Mr. Carroll D. Wright, one of our ablest statisticians, presents the figures to show that from 1860 to 1881 wages had declined, as compared with the prices of commodities. He says (Princeton Review, July 1882): "From 1860 to 1878 there was an average increase of wages of 24.4 per cent; of prices [cost of living], of 14.9 per cent. From 1878 to December, 1881, there was an average increase in wages of 6.9 per cent, and in prices of 21 per cent; and covering the whole period of 21 years, there was an average increase in wages of 31.2 per cent, and in prices of 41.3 per cent. That is, between 1860 and 1881, the workingman has suffered a reduction of 10 per cent in the purchasing power of his wages, and this between a dead level year and one of general prosperity." If the laborer was worse off in 1881, a prosperous year, than in 1860, what are we to think of his condition now, in 1885, when so many cannot get work at all, and so many others only part of the time at greatly reduced wages? Does this look as if the laboring classes were getting their full share of benefit from the improvement of machinery and the development of new countries?

I shall not attempt any analysis of Dr. Giffen's figures. The wages laborers may get per day or per week is becoming less and less an indication of what laborers really earn per year. There are so many stoppages to let the demand for products catch up with the supply, that an operative never knows what hour his pay will stop. That laborers are putting more into savings institutions than formerly, is largely due to the facilities for safe deposit of surplus earnings which have been pro-

vided in European countries, and to the stimulus to saving afforded by a special education having this particular object in view. Again, Dr. Giffen's own figures show that in England the very wealthy are increasing in numbers far more rapidly than the well-to-do. Those whose incomes are from \$2000 to \$3000, increased less than 250 per cent in thirty-seven years—from 1843 to 1880,—while those whose incomes are from \$50,000 to \$250,000, increased in the same time nearly 400 per cent, and those with incomes above \$250,000 increased 850 per cent. This eminent statistician thinks this a small matter, however, because those with large incomes are so few! He forgets that they make up for their lack of numbers in the bulk of wealth they control. In 1880, there were 785 persons with incomes from \$50,000 to \$250,000, indicating a capital ranging from one million to five millions each; while there were 68 persons with incomes of more than \$250,000, indicating a capital of more than \$5,000,000 each. The 853 persons having more than \$50,000 income received one-eighth of the taxable income of all Great Britain with a population of thirty-seven millions. Another fact to be noted is that these large incomes include little or nothing comparatively for salaries, these being included in the smaller incomes; whence it follows that even these figures do not fully show the rapid concentration of wealth in the hands of the few. They show a good deal, however, and Dr. Giffen's plutocratic bias cannot conceal the fact which his figures so plainly reveal. [I learn that Mr. Wallace and others have examined Dr. Giffen's tables and fully exploded his inferences. I have not seen these criticisms; they appear to have been much less extensively circulated than the original essay.]

In this country we have no income tax, and, I believe, no statistics which enable us to determine the tendencies toward the concentration of wealth. It can hardly be less than it is in England; it is probably greater, owing to the greater success with which the government has been manipulated for the benefit of privileged interests. The statistics show a large in-

crease in the number of large farms and a falling off in the number of small farms. This tendency, which is even greater than the defective statistics show (Reforms, Sec. 12), is one of the significant indications of the times, which tells us something about the drift of acquisition. There is not a figure or fact to show that the lower and middle classes are receiving their fair share of the advantages afforded by the new industrial forces. The entire drift of the facts and figures goes to show that they are not receiving what is justly their due according to the work they perform. There are no facts and figures to offset those which relate to the monopoly advantages of corporations and rings in securing a part of the earnings of those who are unable to combine for self-protection. No doubt the rich would gain in property much more rapidly than the merely well-to-do, even without governmental aid; but, when the government by class legislation directly and indirectly favors monopoly interests, it aids and abets the concentration of wealth into the hands of the few. It is not difficult to see the operation of these tendencies; but, in this young country, there is still so much of the vigor of economical youth that the people do not feel it greatly when they are bled, but bled they are none the less. Any sapping operation going on so steadily as this will tell in time, and tell fatally.

I agree with those economists who hold that condition of society to be best in which there are none very rich and as few as possible very poor. With the least contrast in condition there might be less wealth, but there would be more contentment and well-being. "A country is infinitely safer, infinitely stronger, infinitely more capable of genuine progress, in which the many are in comfort and content, than that is in which much wealth is accumulated, but the process of distribution is artificially hindered" (Rogers). But a state of society in which there is equitable distribution depends on conditions which do not now exist, and it is not to be expected. It can only be approximated by a gradual change in the education of the great masses of the people; and this edu-

cation must be had before the people can discharge fully the duty they owe to themselves.

55. THE MEANS OF REMEDYING CLASS INJUSTICE.—Now, if the masses are falling short in the advantages which civilization affords, with the inevitable prospect of falling short still more as civilization progresses and the new countries come to have less and less room for surplus population, the simple, practical explanation of it is that they are worsted in the struggle with the stronger classes. And, if less wealth falls to the lot of the many than should do so in equity, then is there more wealth falling into the hands of the stronger few than is justly theirs. What comes in violation of equity cannot in all ways thrive any more than what comes in violation of the personal liberty of human beings. The strong financial classes use combination in legal and voluntary forms to carry their ends. They are intelligent and comparatively few, and can readily combine, while the masses are less intelligent and so numerous and diverse that they cannot combine for successful resistance. But suppose they could so establish voluntary organization as to deal efficiently with organized and aggressive interests, they could only do so by virtue of the very power which government exercises. When we have effective organization, by whatever name called, to deal with tyranny and wrong, we have government. Take, for example, the committees of public safety which have been established from time to time, for dealing with certain evils, either in the absence of efficient government, or in case the actual government has fallen into corrupt hands. Boards of trade make their laws and execute them; and all this is government.

There are different kinds of superstition about government: One kind regards it as a kind of omnipotence that is capable of doing away with all evil, and securing all good. The other kind regards government as essentially a despotic power ever threatening the freedom and substance of the people. According to this kind of superstition, State bureaucracy is essentially antagonistic to the people; and, as it is organized, its

encroachments on right cannot be resisted, and, therefore, the remedy for this growing evil is to do away with beaurocracy, and shrink up the government into as small a compass as possible. There may be some plausibility in this extreme view. Government officials, like other high-toned classes, are apt to cohere under the class bias, as if they were superior and entitled to privileges which the common herd of mankind should not have. But so far as this state of things exists, it must be regarded as an incidental and not as an essential element of government. It exists now to a certain extent, because it has a secure basis in the ignorance and apathy of the people in general. With more intelligence and interest among the people, the official classes would be made to feel a greater responsibility to the reputed source of power—the people. Intelligent criticism among an intelligent people who do the voting, would be a terror which no presuming official could withstand. The despotism of government which the adherents of *laissez faire* so fear, has its basis solely in the ease with which the masses are gulled. Then what is to be done?

If the government must exercise an increasingly greater control over business and industrial combinations, as we believe it must, it should become as trustworthy an instrumentality as possible; and its trustworthiness can only be assured by an intelligent demand that such shall be its character. Like people, like government. We may be pretty sure that, if the government is venal and corrupt, the masses of the constituency have never proved themselves capable of appreciating any better government. As long as they hurrah for demagogues, heed the teachings of impracticable fanatics, clothe scheming plutocrats with power, and lick the hand that lays the burdens on them, they will never have their proper weight in government, and, in the ordinary "course of nature," ought not to have. It is true that the stronger sort must suffer to some extent along with the weaker sort, for this cannot be helped, and it should have this use to the stronger that it goad them on to do whatever is possible to elevate the tone

of the general constituency for their own relief as well as for the general relief. How is this to be done? By teaching practical truth and acting on it. Every class interest at the present time endeavors to inculcate its own class bias. It does so because it looks only to immediate results, never dreaming of remote and perhaps fatal reactions. A class never sees beyond its own nose. There is too little truly candid teaching of the many. I know very well how difficult it is to abate the evil of doctrines, comments, and pretended news that mislead. Our school education does not do it. Some of the worst deceived people of the day on social and economical questions, are "educated men," professional men, business men, who read certain ably conducted journals, and fall into the habit of letting these journals furnish them, not only with the subject and materials of thought, but with the thinking itself. These journals are directed by a class bias which is imperious in the suppression and distortion of facts; and those who are so trustful as to "pin their faith" to them, may be as ignorant of the real economical and social status in the civilized world as if they lived in Africa. What seems to them knowledge is a phantom that misleads. No, that is not the kind of education that is needed. Some of the best educated on certain lines are the worst deceived on other lines. It would be no trouble to give illustrations of this discouraging fact, or to quote from discerning writers who have clearly seen it and honestly stated it.

How is an evil of this magnitude to be remedied? How are the teachings of the press to which the people look for information to become unbiased, honest, and trustworthy? By a more intelligent appreciation of honest journalism by readers. But how is this intelligent appreciation to be had, when the readers so largely depend on the very thing to be reformed, for their intelligence? No doubt hundreds of journalists who speak only in general terms, or not at all, of the unjust aggressions of strong interests, would be glad to expose these wrongs in detail, if they dared. But, with journalists as with

other business men, success is the one indispensable thing, and they cannot afford to do what puts it in jeopardy. These aggressive interests scent danger from afar, and whoever offends them with a fair statement of the case is pretty sure to suffer at their hands. They have even the power through the press and from the platform to turn the masses of people against the people's own best friends by making them believe, by the mere force of daily and weekly reiteration, that black is white and white black. How are the people to learn what their duty is, when largely, on one side, are powerful journals devoted to class interests, and on the other struggling journals teaching much that is wild and impracticable? After all, the only hope is in honest teaching by competent teachers. The more overt and offensively aggressive conspiracies against the public interests become, the easier and safer it is to expose them, the more liable they are to be exposed, and the more efficient is the exposure. Possibly this is coming to be the situation. One fact of the kind thoroughly proved opens the way for the proof of an additional fact of like character, and as the evidence accumulates the situation arrests more attention, and by and by demands action. There are teachers who will take some risk, under the commendable impulse of sympathy and sincere love of truth, to put the weak many on their guard against wrongs done by the strong few.

The drawback here is that most, whose criticisms are really true and valuable, fail in the suggestion of remedies, and thus largely neutralize their own good work. Thus, in a paper at hand, which espouses the cause of the many and makes honest endeavor to resist the aggressions of the few, I read: "Two things are absolutely necessary to our prosperity: Abundance of money and liberal protection to our industries. Both abounded during the war and enabled us to pay three billion of war expenses, make good the devastation of the war and double our wealth in thirteen years." And so on to the end. While such inconsequential stuff as this is welcomed into our people's journals, the entrenched monopolies have little to fear.

Self-stultification must neutralize the effort to dislodge them. And all this, only too common, shows the great need of more light for honest minds.

It is to be hoped that, notwithstanding its discouraging features, constant agitation will effect the elimination of error in certain directions, and bring out fair and practical results by and by. Nothing of this kind can be effected at once for want of leverage. A little advance in the teaching may meet with a corresponding advance in appreciation among those whom the teaching is intended to benefit; and, in turn, this additional appreciation may encourage a further step on the road of manly outspokenness, till by and by the demand for action can no longer be resisted. We are probably near this stage in the matter of regulating monopolies in interstate commerce. We are probably still a long way off from the regulation of other monopoly combinations which are equally liable to lapses of wrong doing, but which are borne with still as if they were dispensations of Providence.

One of the great difficulties in this country is that when the people really demand the adoption of a measure of public policy, their wishes may be thwarted by obstructions to honest legislation. The public will find its way into statutory law far more readily in England than in this country, owing to the better adaptation of parliamentary methods to honest ends. But this reform in legislative method, so much needed in this country, is hardly one that is to be brought about by popular agitation, and I leave it to be pushed by those who understand it a great deal better than I do. (See "Defective and Corrupt Legislation," by Simon Sterne.)

56. NEED OF PRIMARY EDUCATION IN ECONOMICS.—There are some changes for the better which will come about in governmental affairs only through an imperious demand from the people. The more I have given attention to this subject, the more I have become convinced that little can be done to recover the government from plutocratic manipulation until correct ideas of the economical and political situation can be

got into the heads of the people at large. And this education, to be of most avail, must come home to their practical, everyday life. As long as they think that general good depends on the success of some great party, or that somebody else is to blame for their own shortcomings, no great change for the better is to be expected.

The masses of the people must first of all learn the relations of capital to labor. They must learn that without capital employment cannot be given to labor. Their general ignorance of this principle is shown whenever they seek to destroy the property of offending persons. It is the fault of narrow-mindedness to take a personal view of things. If employ  s are not getting on well, they imagine it is because somebody else is not doing just what is right. There may be some ground for this view, but, with a better knowledge of principles, they would see something to improve in their own management of affairs. A class or a party always justifies its own action; and an appeal to some class weakness always flatters the class. In this respect it is with a class much as it is with a party. The party is always right, and whatever conflicts with it is always wrong. A little dispassionate self-examination by classes would be commendable in a high degree, but this is a super-human virtue that is hardly to be expected on earth.

There are class fashions which are powerful factors in determining the action of classes. The fashion, of course, comes about, like all fashions, as a sort of emanation from the class mind. It is a consensus of the feelings and judgments of those who compose the class. If, for example, it is the fashion among laborers to save out a pittance for the present family needs, and spend the rest in whiskey and tobacco, the young members of the class will fall into the fashion generally, and keep it up. The action of salaried gentlemen is too apt to be determined in the same way. I have heard a clerk boast that in the twelve years he had had a clerkship in one of the departments, he had not saved a cent; and when he said so he

had no assurance of retaining his position. He said of a fellow clerk, "He has saved twenty-two hundred dollars, but he hasn't had the good time I have had—I tell you, he hasn't." He meant it to be understood that his course was the meritorious one, and enough of his comrades thought like him, to make it the fashion. If such young gentlemen had any clear perspective of life, they would entertain different views from this of what is creditable for young gentlemen to do. The fashion they follow grows out of their own narrowness and vanity; and that narrowness indicates a defective education.

The usual school branches do not meet the want. In addition to these there must be a special economical education, so combining theory and practice as to fix correct principles of action in the habits of youth. I had become so fully impressed with the importance of teaching youth some of the elementary principles of economical science as a necessary means of ameliorating the condition of the struggling classes (Reforms, Sec. 71), that I had tried to ascertain what would be the proper points to be elucidated in a primer of economics to be used in schools. I had distinctly made out that saving should be the principal theme, and that certain principles in economics should have claim to consideration in proportion to their value in bringing into clear view the importance of saving. But I found that something like this had already been done, and in a far more practical way than I contemplated.

Dr. Guinard, of Belgium, made provision in his will for a premium on the best treatise or the best invention for the improvement of the working classes. In 1872 the prize was awarded by a jury of five competent persons chosen by the king of Belgium, to M. F. Laurent, professor of civil law in the University of Ghent, for his treatise entitled "*Conférence sur l'Épargne.*" The author had tried his system six years, and it had the advantage of successful experience. The plan aims to establish in children the habit of saving by means of suitable instruction and the use of penny banks in the schools. An hour is given each week to instruction in the methods of

thrift. When the school deposits amount to a certain sum, they are transferred to larger savings banks, and interest is then allowed. Parents catch their children's zeal, and undertake to lay by savings for themselves—another illustration of the power of a fashion. The interest which accrues, and is set to their credit, gives them a new idea of thrift, and encourages additional saving. The system has had a good effect morally and economically on the working classes. It has extended from Ghent to hundreds of other towns in Belgium, France, Austria, Hungary, Italy, Great Britain and other countries. As early as 1879, these school banks had been introduced into 83 out of the 86 departments in France. Deposits by the poor have greatly increased. In certain European countries with a population of 210,000,000, there were, in 1879, fourteen million depositors with an aggregate to their credit of \$1,800,000,000. (Lalor's Cyclopedia, Art. Hist. Savings Banks by J. P. Townsend.)

57. SUMMARY OF M. LAURENT'S WORK.—I was curious to know more of the character of Monsieur F. Laurent's *brochure*, which received the Guinard prize for its success in elevating the condition of the working people. A copy came late to hand. It is not at all a synopsis of economical principles; it is simply a statement of the merits and advantages of saving, and its purpose is to enlist the interest of teachers. The author went from school to school, and even from pupil to pupil, to urge the advantages of learning to save in youth. Oral instructions are given, simply to enable the children to form an intelligent conception of the advantages of saving. The children get their centimes from parents and friends, as I infer; and this money, which is usually spent for trifles and transient gratifications, is deposited in the school banks. When the deposit of any one amounts to a franc, it is drawn out and deposited in a larger bank, where it draws interest. The safety of these banks is guaranteed by the State. When repayment is made, the money is usually expended for something necessary or useful, such as clothing for the depositor or for younger

members of the family. It is claimed that this affords to the children a high order of moral discipline. They first deny themselves the enjoyment of dainties which their centimes would buy, but which would do them no good, and might do them harm; and then the expenditure of the money for things useful would afford gratification of a higher order than that of munching candy selfishly and alone. Dainties are not to be denied to children by any means, but they should be procured by the mother according to her means, to be enjoyed at the family table.

Almost the poorest may save a little if they will, as this experiment has shown. That they never save is owing largely to vicious indulgences. The author speaks of two kinds of saving. The one kind degenerates into hoarding, as with misers, and is a vice; the other is kept under the control of common sense, and is a virtue. He calls attention to the danger of humoring children in their craving for all kinds of selfish indulgences. Spoiled children are like those people who spend their lives seeking gratification in a continual round of pleasure which never satisfies. Vanity is to be controlled, not stimulated, since, like idleness, it is a mother of vices. He condemns the habit of smoking among boys, and the too great devotion of girls to the toilette. He calls attention to the danger of temptation to girls at a later age, if their vanity has been stimulated while children by too much attention to finery in dress.

The reform is placed on high moral ground. M. Laurent insists on the value of culture even to the lowly; and for the purposes of culture there must be wealth to provide schools, books, and museums. Then, it is the duty of all to save and help build up what is useful. He says that the natural wants of men are limited and the means of satisfying them within the reach of all; whereas those wants which grow out of vanity, passion, and perverted appetite, are insatiable.

M. Laurent believes that the moral and intellectual discipline derived from the habit of saving and the instruction

accompanying it, would go far to disabuse the minds of working people of the notion so prevalent among them that their condition is to be improved only by revolutionizing the present order of society.

The award of the prize is accompanied with a report by the awarding committee. In this it is affirmed that there is no use in attempting to improve the condition of the lower classes till they learn to avoid waste and acquire the habit of saving. This habit must be formed early in life, must begin at school. The principle to be understood and observed is that of making a present sacrifice for a future good. The rule of waiving an immediate pleasure for a future one that is higher, exemplifies a great principle in morals, and is strengthened for the guidance of conduct, by forming the habit of saving in youth; and this habit is best fixed by convincing children of its value by precept and practice, thus making it the fashion, and founding it in mutual sympathy and support.

How different is all this from those absolute methods which most reformers advocate for the uplifting of the masses! Here it is pressed that the masses must first be prepared to appreciate the real conditions of life before they can profit by economical advantages. They must learn to do for themselves, before they can appreciate what others may be willing to do for them. To put means into wasteful hands is to throw them away, and hence the need of establishing in youth the habits of frugality. When workingmen fully learn the importance of industry and saving, and act upon it, their treatment by their employers will be different from what it is now. When a share in the profits of their own labor is rightly appreciated by laborers, they will have no difficulty in securing it. Not until they understand the value of capital, will they be able to profit to any considerable extent by coöperative effort of any kind. When employes learn to take a thoughtful view of life, great corporations (railroad companies) will not find it necessary in pursuance of self-interest, to coerce them into systematic saving for insurance against the casualties of life; of their

own accord will workingmen then coöperate, by saving, more than at present, for mutual helpfulness in time of need. Whenever workingmen, as a body, care properly for themselves, their government will be prudently advised to protect them against monopoly combinations, and will do for all by positive enactment what it does not now do, lest more harm than good result. An earnest demand by an intelligent constituency will be equivalent to a command which the functionaries of government will not feel at liberty to disregard.

On the other hand, most of our reformers have a short way with social and economical problems, and propose to work miracles for the good of mankind without all this slow, tiresome process of education. There is nothing to do but to confiscate rent, or to levy a tax of two per cent on all assets, or to make an abundance of money so that all may get some, or to loan citizens money out of the public treasury at one per cent per annum, or to undertake work at the public expense and transform labor into dead capital on purpose to employ the idle, or to recognize improvident laborers as partners and share profits with them, or to do some other unconditional and absurd thing. Now, what good would any of these measures do for people whose education and habits are such that they cannot or will not manage for themselves with prudence and economy? The absurdity of these propositions comes out in taking no account of human character as it is. If laborers spend, largely in folly, all they get anyhow, what encouragement for an employer to divide with them? What good would it do for the government to loan at one per cent to a thriftless person who would never pay, and, with the security forfeited, would soon be worse off than ever? What would be the benefit of an inflated currency and booming times, when the extravagance thus engendered would, under the collapse, most fatally affect the working classes? But there is no need of illustrating in detail. These absolute views are captivating, because they propose to relieve the suffering classes of all the unpleasant discipline necessary to

success. But the desired end will not be attained in this way; this is precisely the way not to attain it, and the propositions show a profound ignorance of the fundamental conditions of success. If the masses ever rise, they must rise in large measure by their own endeavors—endeavors which involve self-discipline and self-denial.

There is nothing in this view inconsistent with that which insists on the regulation of competition-crushing rings and corporations. Such regulation is rightly urged in the interest of equity. Equity first of all, even if there should be a little less of the fitful rush and whirl of business. But the very fact that, possibly, under equity, there might be less accumulation of capital than when equity is violated, shows the great need under right conditions, of educating the masses to thrift. The two movements should go along together. The people should learn the principles and acquire the habits of thrift, and they should receive under equity what is their due to enable them more fully and happily to save; and, by this road and this only, can the general tone of society be elevated.

58. THE INITIATIVE IN THIS COUNTRY.—In this country there has not been the same pressure of need as in Europe, and consequently less has been done to afford to youth of the poorer classes a better perspective of life. There is no systematic teaching on this line adapted to the needs of the young, and little provision has been made for the safe-keeping of deposits. Owing to this neglect, persons of small means are more apt to fall into wasteful habits, than to proportion their expenditures to their means with a view to possible savings. Even our foreigners who have been trained to frugality in the school of necessity, often fall into the practice so common among the work-people here, of consuming all as they go. Of course, spendthrift habit is not universal; there are those in this country who save, but the number of such is immensely less than it might be. And it is to be feared that the very condition, until recently prevailing, which enables them to save more largely than elsewhere, is mainly the reason why

savings are not greater. It is high time that something be done to improve this condition of things, for we may rest assured that the causes are at work which will reduce the wage-earner in this country to a level with wage-earners in the old countries. Something may be done to remove some of these causes, and to retard the action of others, but the process of levelling down will still go on, making it necessary for the masses to learn so much of the situation as to enable them to take their own interests into their own keeping.

First of all, the most is to be made of present opportunity by industry, frugality, and saving, to strengthen the weaker elements in society. This much, with sufficient intelligence, might be done without even governmental action for the removal of current abuses; and, until the people at large acquire sufficient knowledge of the situation to do something like this, they never can bring a proper weight to bear on the course of public affairs. Those who preach that the government must do this or that for the good of the masses, while neglecting to name what the masses should do for themselves, are preaching in vain. The toiling many must be assisted, but they can never rise unless they come to see the need of exerting themselves in the only way in which the feat of rising becomes possible. And for this the training must begin in early life and in home affairs. If there be anything done on this line, the beginnings will no doubt be small, originating with the well-meaning few who think the masses worth caring for, and who, seeing the means to the end, make an earnest effort to adopt them.

There are certain agencies to which we may look for work in this direction: the instructors in our schools, those who teach through the press, and those who speak to the people from the platform and the pulpit. These may do much and no doubt will do much; but, as usual, there are drawbacks. It has not yet been made the duty of teachers in the schools to qualify themselves to give instruction of this kind. The press is too much under the influence of class interests. The educational

discipline of those who occupy the platform and the pulpit has not very well qualified them to give instruction on economical subjects. Their opinions are almost wholly second-hand, and, if they undertook to do something useful in the economical field, they would be almost sure to mislead.

With regard to elementary economics in the schools, it is probably impossible in the present unsettled state of economical theories to produce anything that would be generally satisfactory. It will hardly do to put decaying dogmas into primers for the use of schools. The system of economical doctrines taught by the "Manchester school," will probably have to undergo some eliminations and modifications to bring it up to the times. In the face of the new and vigorous economical schools which have sprung up in Germany, England, and this country, it can hardly be regarded as wise to teach youth the disputed tenets as if they were settled principles of political economy. We must wait awhile before there can be a satisfactory epitome of "elements." But this does not mean that nothing shall be done. There are certain simple principles of economics on which all are agreed (except visionaries and fanatics), and some of these principles are the very ones people stand in most need of for guidance in life; such, for example, as the economical importance of saving and the value of capital to the industries. This may be put into our primers and taught in our common schools. If something like this were done, and the effort properly encouraged by the press, the platform, and the pulpit, a very great change for the better might gradually be brought about.

59. MINDING ONE'S BUSINESS IN THE HIGHER SENSE.—Man is something more than the isolated individual the extreme views of *laissez faire* assume him to be. He is a social being with social duties. It is equally an extreme view that overlooks man as an individual. It is certainly well for everyone to attend to his own immediate business and become as independent an individual as possible. This is needful drill—every individual ought to have just such discipline for his own

good and for the general good. But this does not serve the general good fully. While the individual needs to be disciplined to make him as self-contained as possible, he needs discipline as a social being to enable him to act in concert with his fellows for the general good. Without this general good individual good is necessarily defective. This last named kind of discipline is a good deal more difficult than the other. It requires more self-restraint, more comprehensive views, deeper insight. But whatever may be its requirements, no one can neglect it, who wishes to round out his own culture, his own life.

Much of the spirit of our times and teachings is calculated to stimulate egoism rather than altruism. The shrewd young man looks out upon society and has no trouble in catching its prevailing spirit. He says: "I see; life is a grab game, and the best grabber is regarded as the biggest man. All round me I see the big and the little, more little, however, than big; and the big ones are eating up the little ones and growing bigger. Now, if I know myself, I don't propose to be one of the small fish. If eating is going on, I prefer not to be eaten. I shall look out for myself."

This, as I said, is very well as far as it goes, but there is need for exertion in a somewhat different way. By the time our young man gets to be fifty years of age, he has accumulated a good deal more than he needs for comfortable living, and he is now more anxious to accumulate than ever. He says to his own soul: "See all this; it is what comes of minding one's own business." Now, he has no thought of anything but minding his own business in this way; but what is he but an egoist? He thinks too ill of the whole riffraff of human beings below the line of plutocratic respectability, to take a step out of his way to give one of them a bit of bread. He could not entertain the idea that aggressive rings and monopolies with class legislation had helped to keep many of these poor people down in the shadows of life. "Why," he says, "they did not keep me down." Of course, he will do

nothing to help curb monopoly and promote fairness of competition, for even if he is not in a ring or two of his own, he hobnobs with ringsters and has a fellow-feeling with them. They are a thrifty lot, and with a full measure of mutual sympathy they reinforce one another in the methods they practice in common. Now, if it be true that all the grades of society are bound together in relations which compel the higher to feel the weight of the lower (Sec. 52), then is such a man as this a practical pessimist, who has failed in his duties to himself and to his fellows. He lacks the manly consciousness of coöperative endeavor with his fellows to prevent the crushing of the lowly and enable them by conscious effort of their own to win for themselves prizes of a little greater value in life.

It requires a higher order of powers to coöperate with one's fellows, whether in voluntary association or in the discharge of political duties, in order to promote equity among men and advance the general interests of society, than it requires merely to seize the chances of self-aggrandizement. To mind one's business in the higher sense is to exercise these higher powers; and the generous youth should be instructed that he does not truly discharge his duties to himself when he neglects the duties he owes to society in general. It is precisely when all are intent on self-seeking that conspiracies are formed against general interests, and the people are made to suffer. With a more generous ambition among the few and a better understanding of the situation among the many, we may hope for more efficient action in the interest of justice to all classes in society.

NOTE TO SECS. 57 and 58.—One of the jury that adjudged the Guinard prize to M. Laurent's work was Emile de Laveleye, the well-known Belgian economist. I append the translation of three brief passages from the report of the jury, and one from the essay itself:

"This work, entitled *Conférence sur l'Épargne*, contains but a few pages; but the idea which it develops is so just, so full of promise for the future, and where it has been applied, especially in Ghent, it has afforded such remarkable results, that it appeared to combine all the

important conditions necessary to command the suffrages of the jury." (p. III).

"It is in vain that we advance money to the workingman, or make him a present of tools to work with, as certain reformers propose; these presents, like the legacies received by spendthrifts, are soon lost. It is above all things necessary to impart to working people the spirit of order, of foresight, and of good management, by which alone can the capital received, whether as loan or gift, be preserved and increased. The Co-operative societies which have been successful are those that have formed their capital by means of heroic deductions for saving from daily income; those to which the government of 1848 made advances very soon failed." (p. V.)

"But they tell us this (saving) will dry up the affections of children, stifle their generous impulses, and teach them to be stingy. These objections are refuted by the facts. To save is to conquer an appetite and to resist the desire of immediate enjoyment for a remote advantage which the mind alone can perceive. It is a triumph over passion, over egoism; and, whoever is in the habit of controlling his passions and appetites and living under the direction of his intellect, is more ready to make sacrifice for others than one who is in the habit of seeking the gratification of his own whims." (p. VIII.)

"But instead of demanding like the socialists the abolition of property, I say to workingmen: It depends on yourselves whether you become owners of property. Do not seek for happiness in the destruction of the social order, because you will be the first to suffer in the general ruin. Your happiness depends on yourselves. Learn to save, for this is, at the same time, to learn to moderate your desires, and to govern your passions. Saving is the sure means of ameliorating your condition physically, intellectually, and morally." (pp. 4, 5.)

CONFLICT IN NATURE AND LIFE:

1 Study of Antagonism in the Constitution of Things, for the Elucidation of the Problem of Good and Evil, and the Reconciliation of Optimism and Pessimism.

New York: D. APPLETON & CO., 1, 3, & 5 Bond Street.

Pages 488. \$2.00.

CONTENTS.

PART FIRST: THE SUBJECT IN HISTORY AND LITERATURE.

Chapter I. Ancient Conceptions of Antagonism and of the Evils of Life.—Chapter II. Modern Views of Physical and Moral Discord.—Chapter III. Pessimism.—Chapter IV. Optimism: Perfection and the Golden Ages.—Chapter V. The Problem Stated.

PART SECOND: CONSIDERATIONS FROM SCIENCE.

Chapter VI. Existence.—Chapter VII. The Unit of Physical Existence.—Chapter VIII. The Primary Forces.—Chapter IX. Chemistry and Physics.—Chapter X. Conflict in the Biological Forces.—Chapter XI. Antagonism in the Sphere of Mind.—Chapter XII. Conflict as a Factor in Morals.

PART THIRD: HISTORICAL BREVITIES ILLUSTRATING CONFLICT.

Chapter XIII. General History.—Chapter XIV. Grecian History.—Chapter XV. Roman History: The Republic.—Chapter XVI. Roman History: The Empire.—Chapter XVII. Early English History.—Chapter XVIII. The Feudal System.—Chapter XIX. The Christian System under Conflict with other Systems.—Chapter XX. Papal Supremacy.—Chapter XXI. The Great Modern Conflict.

PART FOURTH.

Chapter XXII. Antagonism as a Factor of Evolution.

PART FIFTH: EVIL IN RELATION TO THE NECESSARY CONDITIONS OF LIFE.

Chapter XXIII. Paradoxes of Feeling in Relation to Function.—Chapter XXIV. Man's Environment: Geological Conditions.—Chapter XXV. Man's Environment: Atmospheric and Oceanic Currents.—Chapter XXVI. Man's Environment: Limitations of the Habitable Area.—Chapter XXVII. Man's Environment: Economical Difficulties of Limitation.—Chapter XXVIII. The Future of Physical Environment.—Chapter XXIX. Origin and Conflict of Natural Laws.

PART SIXTH: THE OUTLOOK, SOCIAL AND MORAL.

Chapter XXX. Sanitary Conditions.—Chapter XXXI. Prospects of the Common Working People.—Chapter XXXII. Influence of the Relative Prolificacy of Classes on Society.—Chapter XXXIII. The Marriage Relation.—Chapter XXXIV. The Religious Consolations.—Chapter XXXV. Pleasure and Pain inseparable.—Chapter XXXVI. Uses in General, Summary, and Conclusion.

REVIEWERS' OPINIONS OF "CONFLICT"—EXTRACTS.

Boston Daily Advertiser.:—The strength of his book is in the abundance of illustrative matter which he has brought to the support of his thesis, and in the large view of the world which he has been obliged to take in order to do it. The author favors meliorism, and his book has a healthy tone, in so far as it presents the dual position in which the active forces of life stand toward one another. The argument is instructive rather than conclusive, and is supported by liberal extracts from nearly all the modern writers on science, society, and religion. There is a certain enlightenment to be gained from these pages which no student of modern society will care to miss.

Boston Journal.:—Bears traces of original research, patient study, and concentrated thought.

Boston Courier.:—It is very clearly, though sometimes a little crudely written, and while evidently not the work of a professional philosopher or writer, it shows the result of very wide reading and generally of intelligent thinking. The careful reader will often differ with the author and detect gaps in his reasoning. And the chief value of the work will be found in its rich and varied suggestiveness, its blazing the line along a hundred pathways of thought in which reflective minds are beginning to grope their way.

Boston Saturday Evening Gazette.:—The author withholds his name, but he is evidently a student and a thinker, thoroughly acquainted with his subject, and thoroughly in earnest in expounding it *** The multiplicity of subjects treated is confusing, and the conclusions he rushes to emphasize are lost in the crossing and recrossing threads of his arguments. He has crushed his legions under the weight of their shields, and the result of the battle is lost in the elaboration of its details. These faults, however, are due to a well-stocked and disciplined mind that has much to say and brief space to say it in, and notwithstanding its faults, the volume will prove interesting.

Boston Evening Transcript.:—"Conflict in Nature and Life" is one of those ponderous books, with extensive subtitles, from which at first glance a reviewer is apt to turn away with an impression of "great cry and little wool," and concerning which he feels that economy of eyesight must be made paramount to conscientious perusal. Turning the leaves, however, reveals signs of power, and he soon finds himself reading with an intentness that makes him realize that he is communing with a learned, serious, and influential writer. There is an even dignity and almost majesty of style, an impartiality, simplicity, and fine temper in the book, which takes his sympathy captive and arouses his reasoning capacity. To this succeeds a puzzled interest over the anonymity of authorship, which ends in a vigorous resolve to find out who is responsible for the production of a work so strong and thoughtful. There are not probably a half-dozen men in the United States capable of giving us a book of equal erudition and sound philosophical structure. The temptation to guess is irresistible, and the mind runs over the list of college presidents and learned professors, only to decide that not one of them is equal to the task.

Springfield Republican, Mass.:—While the book proceeds from first to last upon data wholly outside of supernatural religion, it is not wanting in coincidences and indirect confirmations of Christianity.

REVIEWERS' OPINIONS OF "CONFLICT"—EXTRACTS.

Morning Journal and Courier, New Haven, Conn.:—The book is an able and profound study of a great subject.

Popular Science Monthly, N. Y.:—It will appear from what we have said, that this work on conflict is offered as a contribution to the philosophy of life, or as deepening the foundations of such a philosophy. The claims in this direction are brought out in a general way in the final chapter. Its conclusions are broadly practical. The philosophy of conflict inculcates moderate expectations. Avoiding the extremes of optimism and pessimism, of conservatism and radicalism, it aims to do work only where work will be effectual—work that will make things better, and work which prevents them from becoming worse.

Eclectic Magazine, N. Y.:—From this imperfect synopsis of a very thoughtful and ambitious book, it will be seen that the author does not content himself with studying the subject from an abstract and ideal stand-point. His aim is to make the conclusions and suggestions useful in practical ethics, and the sincerity of his aim is evident in every line. We do not agree with some of his conclusions, but his thought is stimulating. He disclaims in his preface any claim to originality as a philosophical thinker—but certainly no one will deny him the right which he does claim—that of being a judiciously-minded student of his subject, who is fully acquainted with the thoughts of the best minds of the world on the same topic, and who adds to them many a word worth reading and pondering.

The Nation, N. Y.:—The author's mind moves with smoothness and decency through the wide field of popular science, often constructing a perfect mosaic of well chosen quotations. The grouping of his impressions and facts must have been an admirable discipline for him, but it seems to us in several ways a good illustration of what philosophy is not, or at least should not be.

The Herald, N. Y.:—It is a very ambitious book. But the author writes modestly, is not at all given to undue or arrogant assumption, and probably he would be the first to admit that his finished work, which has evidently been the labor of years, is neither so original nor so complete a success as at one time he hoped it would be * * * We do not think the book will work a revolution in either religion or philosophy, but we commend it as a learned treatise, as an able and interesting study on a most difficult subject. The author makes a mistake in concealing his name.

The World, N. Y.:—The author of this volume carefully withholds his name, though why a rectifier of these venerable antagonisms of the ages should be ashamed to be known in connection with his stupendous industry, we are wholly unable to guess. A careful perusal of the book must convince the intelligent reader that he has here to deal with the most specious form of pessimism and abject materialism masquerading under an assumption of scientific authority. And it is interesting to observe what kind of an exhibit nescience makes when it loads itself with the plunder of antagonistic physicists and staggers into the realm of philosophy. One may well be pardoned for making the attempt to "elucidate" the old mysteries of the origin of evil and the source of life. But an "elucidation" that bears upon its face the marks of dishonesty and ends in confusion and futility must fail to excite anything but wonder at the strange mental organization which can take delight in so balancing the world's opinions that the result is an equilibrium of negations.

REVIEWERS' OPINIONS OF "CONFLICT"—EXTRACTS.

The Observer, N. Y.:—Its crudeness is something marvellous. It abounds in citations, which indeed are so many as to make the volume resemble the emptyings of a common-place book. Its author has read a good deal, but his insight and logical power approach zero.

Daily Graphic, N. Y.:—This is an anonymous work which treats many important questions in a very intelligent manner * * * With these as the cardinal principles of his system he passes in rapid review all of the vital questions of the hour, such as we have pointed out above. And of no one of them does he not say something that is worth remembering.

The Churchman, N. Y.:—It will be seen that the author takes the reader over a wide range and discusses the most important truths. He writes with ability and candor, and while a good deal of what he says does not accord with our reason, he still commands our respect.

The Jewish Advocate, N. Y.:—A candid spirit of inquiry prevades the book.

The Examiner, N. Y.:—Whatever be the judgment on the author's success, no fair-minded reader can fail to regard the book as one of very great ability and value as to its material, evidently accumulated through many years of laborious and careful study; as to the skill with which the materials are organized by the central principle; as to the clearness of style and statement, which leaves no possible opportunity for mistaking the author's meaning * * * As a contribution to the discussion of a difficult question the book is of great permanent value. It is a thesaurus of facts. The discussion is candid and fair * * * As for us, we continue to believe in a kingdom of Christ, which is bringing men one by one, and so is gradually bringing society, out of moral evil into the good.

Evening Telegram, N. Y.:—Though this book treats of none but profound and important subjects, it is written with singular lucidity, the statements being as clear as the extremely complicated nature of the themes will allow * * * We think it will be acknowledged by every intelligent reader that though the author has not "explained" the problem, in the sense of entirely depriving it of mystery, he has yet "elucidated" it, in the sense of making it less unintelligible than it is generally thought to be * * * Few readers, not blessed with exhaustless animal spirits, can rise from the perusal of this work with feelings of joyfulness and abundant hope. A serene resignation and a sober cheerfulness are the lessons it inculcates. It is a product of unusual power, evincing profound knowledge and a wonderful balance of judgment.

The School Journal, N. Y.:—The subject is treated in its widest relations, and in a judicial spirit that we admire; but we do not agree with the author's conclusions.

Good Literature, N. Y.:—There are two classes of authors—one thinks, the other guesses. Our author manifestly belongs to the former class, for his whole book bears the mark of the constant beating of the brain-hammer.

The Christian Union, N. Y.:—"Conflict in Nature and Life" is a semi-religious work covering one of the most interesting fields of thought and observation.

REVIEWERS' OPINIONS OF "CONFLICT"—EXTRACTS.

Brooklyn Union, N. Y.:—The discussion is remarkable for its scope and fullness, and for its pertinence to most of the difficult problems which are occupying the attention of the more intelligent classes. The nature of the subject, as well as the disposition of the writer, has led to a fair, sober, and judicious method of investigation as it implies the presentation of opposing facts, principles, and arguments.

Albany Argus, N. Y.:—In a very frank and charming preface the anonymous author of this volume says: "Between the critic who should pronounce the book true but not new, and the other who should think it new, but singular and fanciful, it would be preferable to believe the former more nearly correct." We hold to neither of these criticisms, but think the book both true and new, and remarkably interesting as well. Many of the ideas of the author have been expressed before (they would not be true, else), but the principle of the work, in the entirety is original in treatment, and the theories of the writer are more thoroughly developed than his modesty would lead us to expect.

Syracuse Herald, N. Y.:—The author finds the origin of evil in an inevitable and necessary antagonism in the constitution of things. He brings history and science to bear upon the elaboration of his theory, which he discusses with much learning and great force of reasoning in all its various connections with nature and life. Whatever may be thought of the views put forth in it, the book itself cannot be regarded as other than a most profound treatise on a very difficult subject.

Post-Express, Rochester, N. Y.:—The anonymous author of this bulky though rigidly condensed volume, has made a contribution to our philosophical literature of far too great importance to be disposed of in a passing notice * * * Books so original, so carefully thought out and so moderate are rare in our contemporary literature.

Sunday Morning Express, Buffalo, N. Y.:—Our author is prodigiously learned * * *; but calm judgment forces upon us the conviction that he scarcely knows what he means himself; and that if the whole 488 pages were boiled down there would not be found nourishment enough in them to support a mouse.

Pittsburgh Telegraph:—Each chapter is arranged in sections, and each section is a brief summary, complete in itself. We must again exclaim with Domine Sampson, "Prodigious!" but with sincere appreciation of the study and careful thought, which were required to get this knowledge into such small compass and such readable form. The book is a good library condensed into clear sections, and is as full of interest as it is of "meat" * * * We would like to know the name of the author of this remarkably well written book. He has not merely read and arranged a vast number of topics, but he has thought upon them thoroughly and well. His modest preface of itself shows the hand of no ordinary man.

Philadelphia Evening News:—"Conflict in nature and Life" is an elaborate and carefully thought out essay by an anonymous author on human life in connection with the order of nature. The teacher and student of ethics will find it of interest and use, particularly as it furnishes further and deeper investigations into the subject of the moral law and of good and evil than are found in the few text books on ethics.

REFORMS:

THEIR DIFFICULTIES AND POSSIBILITIES.

By the author of "Conflict in Nature and Life."

New York: D. APPLETON & CO., 1, 3, & 5 Bond Street.

Pages 229. \$1.00.

C O N T E N T S.

PART FIRST: THE LABOR QUESTION.

Chapter I. Wages.—Chapter II. Saving and Management.—Chapter III. Monopoly.—Chapter IV. Schemes for Industrial Reform.—Chapter V. The Straight and Narrow Way.

PART SECOND: FINANCIAL QUESTIONS.

Chapter VI. Money.—Chapter VII. Protection and Monopoly.—Chapter VIII. A People's Platform.

PART THIRD: MISCELLANEOUS REFORMS.

Chapter IX. Questions of Practical Every-day Economics.—Chapter X. Some Points in Education.—Chapter XI. The Woman and Divorce Questions.—Chapter XII. The Temperance Question.—Chapter XIII. Various Reforms.—Chapter XIV. Issues of the Near Future.

The above work was announced during the Presidential campaign of 1884. As it deals with live political issues, and contains passages offensive to the partisan biases, while it calls attention to the derelictions of duty on the part of some newspapers, it was not to be expected that the book would meet with a very warm welcome from the press. No doubt there were some silences due to these causes; but there are only two or three of the notices, so far as seen, that could be suspected of partisan bias, the general character of the notices and reviews being creditable to the press as well as favorable to the book. The following are extracts from some of them:

REVIEWERS' OPINIONS OF "REFORMS" — EXTRACTS.

Daily Eastern Argus, Portland, Me. :—All these topics are discussed with a candor, strength, and directness of method that cannot fail to win respect, even when it does not convince. But in the main it will have to be conceded his reasoning runs on the line of truth, and while it does not encourage optimism, it does encourage men in the assurance that with the exercise of their best faculties, prudence, and perseverance, they will accomplish quite satisfactory results, and answer tolerably well the end of their being; in other words, that they must work out their own salvation and are quite competent to do it. The book is one that no one interested in the questions discussed should omit to read.

The Boston Index :—This offers one of the most original and profound solutions of the great problems of life, mind, and society that has been attempted; and, in its discussion, the author, in his two books, has embodied a vast amount of thought and erudition as the result of wide and close study. * * * If this principle of the reciprocal action of counter-tending forces, which the author applies to so wide a range of matters, of the highest interest, is the true one, its importance in their discussion can not be overestimated; but there is always room for diverse interpretations when a principle, so broad and universal in its sweep is applied to particular cases of its infinitely complex ramifications.

The Literary World :—The anonymous author of "Reforms" is well informed and sensible, judicious and judicial, discussing the various problems now before economists with clearness and candor, and without heat or prejudice, making a book that is suggestive to the reader's own thinking and reasoning, rather than dogmatic and argumentative.

The Boston Journal :—The author discusses the labor questions, financial questions, education, divorce, &c., in a pessimistic and sometimes cynical manner.

The Home Journal, Boston :—Although the name of the author is not given, it is evident that the work is from no ordinary mind, and that the subjects treated have been most thoroughly and conscientiously studied. By this we do not mean to say that the writer has in every instance arrived at a correct or logical conclusion; but to our mind these cases, where evidently prejudice of education has biased him, are the exceptions to the rule of logical soundness.

Boston Commonwealth :—The statement is clear and popular.

Boston Evening Transcript :—It deserves to be widely read, both by the laborer and his employer. It is calculated to stimulate thought, and one cannot doubt that its writer will prize most such readers as find in its pages views the correctness of which they stand ready to challenge. The keynote to all its dogmatism is moderation. The method of reform recommended is by the way of Aristotle's golden mean.

Boston Evening Gazette :—Shows a thorough mastery of his subject, and almost bewilders by the mass of information and of ideas he brings to bear upon the theme. It covers a very wide field, and is a book to be studied and digested by all who take an interest in the leading practical questions of the time.

Atlantic Monthly :—The writer is a man of conservative habits of thought, who recognizes the value of institutions, which have been the

REVIEWERS' OPINIONS OF "REFORMS" — EXTRACTS.

slow growth of generations, while at the same time he is ready to acknowledge the defects which weaken them. He occupies a middle ground, and endeavors in the various questions of labor, finance, and society to point the way both to preserve and correct. Such writers are rarely heeded, but this one is worth attention.

Springfield Republican, Mass.:—A book by some unknown author of remarkable ability and erudition as might be expected when it is announced as being supplementary to a former work, "Conflict in Nature and Life." * * * The book is stimulating, suggestive, and tantalizing. The author seems to have almost attained to the Buddhistic Nirvana, the quietus of a patient and peaceful indifference. Nevertheless he sets us thinking in a broad and comprehensive way about a wide range of practical topics.

The Providence Evening Press, R. I.:—One of the most noteworthy philosophical works that appeared last year was an anonymous book entitled, "Conflict in Nature and Life." * * * The work on "Reforms" is in one sense a sequel and supplement of the former treatise, and is yet an independent work. * * * It is an able and interesting discussion and ought to be read by every reformer.

The Popular Science Monthly:—But our experience with reforms and reformers—those who make it a business and a profession—is not such as to convince us that further knowledge on the philosophy of this important subject is superfluous. For this reason we welcome the present book as a timely and valuable contribution to the question of the difficulties and possibilities of reformatory effort. The author brings out a view of the subject that needed to be elaborated. It is a great subject, and his treatment of it is neither exhaustive nor faultless; but it is sufficiently full, cogent, and instructive to be of great public service.

The Eclectic Magazine:—Such questions (as are discussed in the volume) are vastly complicated, and an author, at best, is able only to elucidate them by getting at the elemental facts and principles of them without entering into any study of their widespread application. But in doing this in a simple, honest, and unpretending fashion he does a good work. There is much that is stimulating in the book. The author has a knack of getting at the very core of the subject in a few plain words, and seeing what is essential and what non-essential and merely accidental. * * * We heartily commend this little book to the thoughtful reader as one charged with stimulating and valuable suggestion.

The Nation:—They (the author's "opinions") are delivered in a tone of easy and complacent superiority, which may be accounted for by the fact that those who are thoroughly versed in the subjects brought up in this treatise are apt to shun such discussion as the writer indulges in. There seems to be little that is erratic in the views that are expressed, and upon the whole we should suppose that the intellectual operations of the ordinary citizen, who gets his ideas from conversation and from the newspaper, might be very fairly represented in these monologues.

Journal of Commerce, N. Y.:—The author of this book should have put his name on the title page. It is very creditable to him. He only still more provokes curiosity by announcing that he is also the author of "Conflict in Nature and Life"—a work much read and admired. The writer differs from most persons who treat of reforms in this im-

